

New Suicide As Scandals Take Their Toll in Italy

By William Drozdzak
Washington Post Service

ROME — The social revolution spawned by Italy's vast corruption scandal claimed another casualty Friday when one of the country's most prominent industrialists shot and killed himself following reports that he had set up a slush fund to pay off politicians.

The news that Raul Gardini, the former head of the Ferruzzi-Montedison agro-industrial giant, had become the second leading business personality to commit suicide this week stymied a nation already reeling in debate about the escalating human toll from judicial investigations that show no sign of abating. (Page 2)

On Tuesday, Gabriele Cagliari, the former chairman of the state energy conglomerate ENI, was found dead in his cell in Milan's San Vittore prison after suffocating himself with a plastic bag, which he had tied around his head with a shoelace.

Mr. Gardini shot himself with a pistol at his Milan apartment, apparently just two hours before Mr. Cagliari's funeral took place.

Mr. Cagliari's former inmates at the San Vittore prison, where he had been incarcerated for more than four months, banged on their bars as a show of respect and chanted slogans: "Gabriele, you're one of ours," and "For us, you live on."

The suicides of two of Italy's highest-profile executives focused renewed attention on the human anguish wrought by the ongoing bribery investigations, which have now implicated more than 2,800 politicians, business people and senior government officials.

At least 10 people have killed themselves, 2 have suffered fatal heart attacks and hundreds of political and business careers lie in ruins from the 18-month inquiry into the pandemic practice of trading bribes for government contracts.

A growing number of Italians, including the magistrates themselves, are troubled by the prospect that the investigations may drag on indefinitely. Courts may become paralyzed by the growing caseload, voters will be tempted by political extremes such as the separatist Northern League and the economy will face an ever-growing crisis of confidence.

Friday afternoon, protesting students gathered in front of the parliament building to demand the resignation of the government's chief executive officer, Carlo Azeglio Ciampi, and three other figures closely associated with the Ferruzzi group. Reuters reported, quoting legal sources: All four are under investigation for alleged false accounting within the Ferruzzi group.

Mr. Gardini had been informed in February by Milan prosecutors that he was facing investigation for the sale of his stake in the Enimont chemicals firm.

But a more immediate cause of desperation for him may have been the arrest of Giuseppe Gardano, who was extradited from Switzerland last week and placed in preventive detention.

Italian news agencies reported Tuesday night that Mr. Gardano, who as a former chairman of Montedison was one of Mr. Gardini's subordinates, told prosecutors that Mr. Gardini had asked him to arrange a special fund worth about \$60 million off the company's books so that secret payments could be made to Italian politicians.

As a result of Mr. Gardano's testimony, Mr. Gardini faced imminent arrest and probably would have been incarcerated in the notorious 19th century San Vittore, where dozens of Italy's political and business leaders have been held.

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U.K. Quarrel Further Erodes Dream of Europe

By Tom Buerkle
International Herald Tribune

BRUSSELS — The Maastricht treaty may survive Britain's extraordinary parliamentary infighting longer than the government of Prime Minister John Major, but the treaty's vision of ever-closer European political and economic cooperation has less credibility and support than ever.

The British debate was only the latest blow to a European Community tarnished by its inability to respond effectively to the war in the former Yugoslavia or to its own deepening economic crisis.

Whether over Maastricht itself or such issues as immigration and trade policy, member states increasingly are flouting the EC line to pursue their own agendas. Jacques Delors, the EC Commission president, berated the members for their "anti-European" attitude during a free-for-all over EC development funds at a foreign ministers' meeting early this week.

"There is no longer a family spirit," he said.

At the same time, the renewed speculation against the franc and other currencies has underscored the widespread disbelief that the Community can stick to the Maastricht

tract plan for adopting a single currency by the end of the decade.

Market speculators doubt that France can maintain the high interest rates needed to defend the franc as its jobless ranks swell beyond 3 million, while officials admit that given the depth of the recession, most members will be hard-pressed to make the necessary reductions in budget deficits.

"There is no way to have monetary union in the present economic climate," said one commission official, who spoke on condition of anonymity. No one is willing to junk the treaty guidelines publicly yet, however, because they have no other policies to go by. "If you renounce the Maastricht timetable," he said, "you're putting another nail in the coffin."

For now, even ardent believers in further European integration see little hope of progress as long as the recession persists and national leaders remain weak.

In the absence of achievement, divisions between EC states have flared often, especially along the Bonn-Paris axis, which has been the core of EC unity.

NEWS ANALYSIS

Paris continues to irritate Bonn by threatening to hold a global trade deal hostage to its demands on agriculture, while Germany has denied the Community's authority on trade policy by cutting a separate deal on telecommunications with Washington.

Meanwhile, Paris has held up plans to remove border controls between most member states because of its concerns over effective immigration and drug controls.

In this climate it was not exceptional to see British politicians put Maastricht at risk even though a clear majority of legislators favor the treaty.

"Once again Europe, or the Community, is being discredited by national political leaders," said Stanley Crossick, director of the Belmont European Policy Center in Brussels. "The tragedy and the paradox," he said, is that "it's just now that we need a Maastricht treaty to strengthen the European Community."

A Brussels diplomat said: "Nobody can exclude that the European integration process might take a step backward. But what really remains is that nobody has a viable alternative to

See EUROPE, Page 5

Major Pays Price to Win Approval of Maastricht

Battered Prime Minister Survives Confidence Vote But Status Is Precarious

By Eugene Robinson
Washington Post Service

LONDON — Prime Minister John Major survived a vote of confidence Friday, and Parliament finally approved the Treaty on European Union.

But even in victory Mr. Major emerged bloodied and bruised, and his leadership was more in question than ever before.

By a vote of 339 to 299, the House of Commons gave Mr. Major its backing and ended the long-running, acrimonious debate over the Maastricht accord, the European Community's blueprint for greater unity. Aside from one pending court challenge, the treaty is now British law.

In one vote, Mr. Major had salvaged his career as prime minister and removed the millstone of Maastricht. That triumph, however, came at a painfully high cost.

To win the support of rebels within his own Conservative Party, Mr. Major had to threaten them with what became known as the "nuclear option": He would resign as prime minister, dissolve Parliament and call a general election if they voted against him on Friday.

With Conservatives lagging far behind in the polls, for the rebels to defy Mr. Major would have been, in the words of one Tory, "like turkeys voting for Christmas."

Parliament must put this stalemate over Europe behind it, Mr. Major said in opening the debate over the confidence motion. "I am not prepared to let it poison the political atmosphere any longer."

But critics and commentators said the fact that Mr. Major had had to resort to such a drastic ploy indicated how precarious his authority was and how unpromising his government's political skills were.

"Sometimes I think when the prime minister selects a weapon, it's the boomerang which he finds most convenient," the opposition Labor Party leader, John Smith, told the House of Commons.

Mr. Major chose the nuclear option after losing a vote Thursday night on a resolution affirming Britain's opt-out of the so-called social chapter, a section of the treaty that contains provisions leading to standardization of workplace rules throughout the European Community.

He had agreed in April that the Maastricht bill would not come into effect until Parliament had "come to a resolution" — a deliberately vague promise — on the social chapter, which the opposition Labor Party favors.

Twenty-three Conservative rebels joined with the opposition Thursday night to defeat the government on the resolution and throw the treaty into limbo. Even though the Tory rebels oppose the social chapter, they sided with Labor in defeating the resolution as a means of blocking the treaty altogether.

Mr. Major immediately announced the confidence vote, which he framed in a way to link it to the disputed chapter. In that way, Conservatives who still wanted to try to wreck the treaty would have to commit political suicide in the process.

Grudgingly, even the most stubborn of the rebels returned to the Conservative fold.

"I'm not making any concessions regarding the principles on which we've fought, but we've got to be realistic," said Bill Cash, one of the rebel ringleaders, who voted with Mr. Major on Friday.

The last two days have been full of high drama, with the government pulling out all

See MAJOR, Page 5



The speaker of the British House of Commons, Betty Boothroyd, reporting the vote Friday expressing confidence in Prime Minister Major and approving the Maastricht treaty.

As Currency Turmoil Spreads, France Raises Rate

By Carl Gewirtz
International Herald Tribune

PARIS — The crisis in the European Monetary System broadened Friday to include the Belgian franc. But higher interest rates in Belgium and France and a renewed vow by Germany and France to defend existing exchange rates succeeded in fending off speculators.

France's increase — it raised a short-term leading rate to 10 percent from 7.75 percent — helped stabilize the franc. The Deutsche mark, the reference point for most European currencies, closed in London at 3,417 francs, almost unchanged from 3,418 francs Thursday. Its maximum level permitted under the European

Monetary System's regimen of managed floating rates is 3,430 francs.

France's rate increase, which many analysts and economists had said it could not afford in view of its high unemployment and its deep recession, was interpreted by some as a price Paris had to pay to try to get the Bundesbank, Germany's central bank, to cut German interest rates next week.

France may have painted itself into a corner by making the fixed parity between the franc and the mark so important, analysts said Friday, but it now appears to have little choice but to continue with this strategy. (Page 9)

In the foreign-exchange market, meanwhile, the dollar and the British pound were the main beneficiaries of the turmoil engulfing the European Monetary System. (Page 10)

growing more rapidly than the target set by the Bundesbank, a rate cut next week could not be ruled out.

"The French want a deep cut," he said, but added: "At best I would expect only a modest cut, no larger than half a point in the discount rate."

This is the rate at which commercial banks borrow from the central bank.

France wants lower German interest rates so that it will not have to raise its rates in a recession just to maintain the value of its currency. Lower German rates would make mark-denominated investments less attractive and

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China Said to Court Asians As a Buffer Against U.S.

By Michael Richardson
International Herald Tribune

SINGAPORE — China is courting Asia-Pacific nations with promises of benevolent intent and profitable economic ties, in advance of a meeting Sunday that could have a major effect on its relations with the United States, observers and analysts said here Friday.

Qian Qichen, the Chinese foreign minister, gave an assurance Friday to those Southeast Asian countries worried about the growing military and economic power of China that Beijing would not seek regional dominance or use force to settle disputes.

"China does not seek hegemony now, nor will it do so in the future, even when it is economically developed," he told foreign ministers from the Association of South East Asian Nations.

Mr. Qian added that China's "foreign policy of peace is one that can stand the test of time."

Analysts said that Beijing was seeking to strengthen relations with other Asian countries partly to discourage the United States from taking punitive action against China that would restrict its access to the U.S. market.

"If China is an accepted member of a region that the U.S. wants to cultivate, it may make Washington more wary of imposing sanctions in the future," one analyst said.

Warren M. Christopher, secretary of state, will talk with Mr. Qian here Sunday during consultations with foreign ministers of Asia-Pacific nations who gather for talks each year after the ASEAN meeting. The ASEAN countries are Indonesia, Malaysia, the Philippines, Singapore, Thailand and Brunei.

Before leaving Washington for Singapore, Mr. Christopher said that he would discuss human rights, trade issues and weapons proliferation with Mr. Qian. The Clinton administration has set progress on these three issues as

See ASIA, Page 5



BOUND FOR DRY SHELTER — A Bangladesh family leaving their flooded home near Dhaka on Friday on a raft. Officials in Bangladesh, Nepal and northeastern India said the death toll from flooding caused by heavy monsoon rains had passed 1,200.

Kiosk

At Least 59 Die in Chinese Jet Crash

BEIJING (Reuters) — A Chinese airliner crashed on takeoff from the northwestern city of Yinchuan on Friday, killing at least 59 people, the Xinhua news agency said.

The China Northwest Airlines jetliner, a four-engine British Aerospace 146, was en route to Beijing, local officials said.

General News
For Egypt's Muslim militants, even the Pharos and their works are targets. Page 2.
A power change approaches in Japan as the opposition parties near coalition. Page 4.

Business/Finance
OPEC postponed an emergency meeting as Saudi Arabia and Iran clashed. Page 9.
The Hyundai labor dispute ended as workers narrowly accepted a contract. Page 13.

Money Report
Issuers, transportation stocks in Europe, tax teaser for U.S. expatriates, direct ethical investing. Page 14-15.

"There were injuries and there were deaths, but the exact numbers we don't know yet," said a government official in Yinchuan.

The airliner, Flight 2119, was carrying 108 passengers and 5 crew. The official said at least 3 foreigners were on board.

Dow Jones		Trib Index	
Up	21.52	Down	0.89%
3,548.74		102.21	

The Dollar		
New York	Fri. close	previous close
DM	1.7195	1.7042
Pound	1.5045	1.5133
Yen	106.50	105.40
FF	5.8781	5.8055

Crossword Page 4
Book Review Page 7

Albania Makes the Change From Dark Ages to Chaos

By David B. Ottaway
Washington Post Service

TIRANA, Albania — At the point where Conference of Peza Street enters Skanderbeg Square in central Tirana, the battered remains of the city's only four traffic lights dangle from poles, testimony to the vain attempt by local authorities to impose order on Albanians in the post-Communist world.

The square, a large parade ground inherited from the Communist regime, is alive with pedestrians, bicycles, cars, buses, motorcycles, trucks and horse-drawn carts, all battling to cross in various ways at the same time.

The only thing preventing an accident a minute, it seems, is the crawling pace of the drivers, most of them novices still learning to navigate in the treacherous crosscurrents.

"We have to learn to obey the rules of a traffic system," said Arben Puto, a member of the Helsinki-Albania Human Rights

Committee. "There were no private cars, so the streets were absolutely empty before."

Skanderbeg Square seems to embody Albania today — a long-slumbering Communist backwater in the Balkans awakening finally to the mysteries of the modern world, with everything from city traffic to multiparty democracy.

"It is not simple to govern in this transition period," Mr. Puto said. "We come from a very rigid communist system. There was a sudden openness and a period of extremes is unavoidable. The problem is how to keep it under control."

Albania has burst the seams of the most rigid communist political system in Eastern Europe and become a free-for-all in almost every sphere — including religion, where American evangelical missionaries compete alongside Roman Catholic and Orthodox priests and Islamic clerics for the once officially atheistic souls of Albanians.

About the only communist legacy that still haunts Albanians of all political persuasions is the fear of a reversion to dictatorship if their year-old experiment in multiparty democracy sours.

For 40 years, Albania lived under a paranoid dictator, Enver Hoxha, who spent the government's meager resources on building 700,000 steel-reinforced cement bunkers in preparation for an invasion from either the revisionist Soviet Union or the "imperialist" United States. The bunkers are now used mostly as toilets.

The Hoxha nightmare ended with his death in 1985, but his successor, Ramiz Alia, kept Albania's 3.3 million people under a milder Communist Party rule until March 1992, when President Sali Berisha's Democratic Party won the first unrigged

See ALBANIA, Page 5

WORLD BRIEFS

For Egypt's Muslim Militants, Even Pharaohs Are Targets

By Chris Hedges
LUXOR, Egypt — The indignities suffered by the pharaohs...

Three foreign visitors have died, some two dozen have been wounded, and the tourism industry, which brought an estimated \$2.2 billion into the country annually...

Muslims are not new. In the year 900 Sayid Dahr, an Islamic leader, in one of the innumerable legends surrounding the Sphinx...

Those who venerate the Islamic scholar Abu Haggag, who is buried in the mosque, carry a replica of his boat in a yearly processional...

Below the turbaned cleric, drenched in the glare of the afternoon sun, lay the massive granite columns, carved to resemble papyrus stems...

Armenian Troops Take Key Town Near Nagorno-Karabakh Enclave

MOSCOW (Reuters) — Azerbaijan suffered a major military setback Friday as its Defense Ministry said that the strategic town of Agdam had fallen to Armenian forces...

Paris Police Warned About Brutality

PARIS (Reuters) — The city's new police commander has warned officers against gratuitous brutality after a series of cases in which policemen attacked suspects as well as bystanders protesting the beatings...

Pakistan Joined Nuclear Club in '87

ISLAMABAD, Pakistan (Reuters) — Pakistan carried out its first successful nuclear test in 1987, a retired army chief of staff said in an interview published Friday...

Patten Picks Election Commissioners

HONG KONG (Reuters) — Hong Kong named an election commission on Friday despite accusations from China that the body is part of a dirty tricks campaign by Governor Chris Patten...

Islamabad Installs Caretaker Cabinet

ISLAMABAD, Pakistan (Reuters) — Acting President Wasim Sajjad swore in a six-member caretaker cabinet on Friday to run Pakistan until national elections scheduled for Oct. 6, the official press agency Associated Press of Pakistan reported...

Travel Update

French tourism officials say the recession and the relative strength of the franc have combined to make a gloomy start to the vacation season...

Wiesel Stands By Assertions on Attali

By Joseph Fitchett
PARIS — The publisher of Jacques Attali's book "Verbatim" said Friday that he had received no sign from President François Mitterrand indicating unhappiness with it...

The president was described by Mr. Wiesel as having supported his idea that Mr. Attali should exercise of "Verbatim" more than 40 pages of material alleged to have been plagiarized from a manuscript being readied for publication by Mr. Mitterrand and Mr. Wiesel...



Giuseppe Garofano, left, with Raul Gardini in 1990. Mr. Garofano reportedly linked his former superior to a fund for political payoffs.

Shock at the Death of a 'Symbol of Italy'

By Laura Colby
Italy, a country where leading businessmen are better known than pop stars, was shocked Friday by the suicide of the industrialist Raul Gardini...

tempt to privatize the state's chemicals sector. "I believe that life should be lived to the fullest, and not as a sham," Mr. Gardini once wrote...

"clean hands" investigations, Mr. Gardini, 60, shot himself in the head a day after the weekly Il Mondo disclosed that a former chairman of Montedison, Giuseppe Garofano, had ordered him to create a slush fund to pay off politicians...

A sportsman who was fond of hunting and yachting, Mr. Gardini mounted Italy's Americas Cup challenge with the Moro di Venezia last year.

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ITALY: Another Suicide

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ness elite have been forced to share cells with drug dealers and convicted thieves until prosecutors are convinced they have confessed to all wrongdoing...

Nigeria's General Shuts 6 News Organizations

LAGOS — The military government shut down six independent newspapers and broadcast stations Friday...

Squad in Rio Kills 8 Homeless Boys

RIO DE JANEIRO — Hooded members of a city "extermination group" killed eight homeless boys and wounded two others before dawn Friday...

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Power Change Approaches in Japan as Opposition Parties Near Coalition

TOKYO — Japan moved closer Friday to a change of power... its first in 38 years — as major opposition parties lined up behind a proposal for a coalition government.

party caucus Thursday denounced the party's backroom tradition of choosing its leaders... The Liberal Democrats are by far the biggest party in parliament after winning 223 of the 511 seats in the more powerful lower house.

The Japan New Party and the Renewal Party have suggested that relaxing government regulations and cutting back on the powers of bureaucrats in Tokyo would result in a fairer, more competitive economic system both for Japanese and for foreigners.

Without giving specifics, the coalition proposal said a new administration should "put the scalpel" to collusion between politicians, bureaucrats and businessmen.

Investigators in the Tokyo Public Prosecutor's Office were quoted as saying that Mr. Takeuchi was expected to be charged with accepting 10 million yen (\$93,000) in exchange for awarding dam and building projects.

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Japanese News Monopolies Giving Way
By Steven Brill
TOKYO — Foreign journalists are beginning to gain admission to the Japanese press clubs that control access to news, but hard feelings after a long battle suggest that the principle of equal and open access has not yet been fully accepted.

Investigations in the Tokyo Public Prosecutor's Office were quoted as saying that Mr. Takeuchi was expected to be charged with accepting 10 million yen (\$93,000) in exchange for awarding dam and building projects.

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Renewed Khmer Rouge Attacks Feared
By Michael Richardson
SINGAPORE — Officials in Cambodia and other Southeast Asian countries are concerned that the Khmer Rouge may renew large-scale attacks on the Cambodian government if the guerrilla group is excluded from a role in running the country, as the United States and France propose.

ASEAN officials warned Friday that if the administrative and security apparatus of the interim government broke down, it would be difficult to maintain the relative calm and stability that currently prevailed in the country.

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Russian Parliament Escalates Challenge It Adopts Bills to Undermine Yeltsin's Economic Policies

By Serge Schmemmann
MOSCOW — The Russian parliament recessed for the summer Friday after rushing through an extraordinary string of measures...



Two Sarajevo women pushing trolleys loaded with their daily supplies of water past a heap of wrecked cars in the city center on Friday.

Bosnia Serbs Call Peace Talks Pointless

SARAJEVO, Bosnia-Herzegovina — The leader of Bosnia's rebel Serbs, Radovan Karadzic, said Friday that peace talks should be postponed for several months...

UN Chief Asks Delay in Air Support

BRUSSELS — The United Nations secretary-general, Boutros Boutros Ghali, has asked NATO to delay its new air support operation in Bosnia-Herzegovina...

Fearing Attacks, U.S. Acts to Rebuy Afghan Missiles

By Robin Wright and John M. Broder
WASHINGTON — Partly in response to growing fears of terrorist attacks on American civilian aircraft, the Central Intelligence Agency has requested \$55 million to buy back hundreds of Stinger anti-aircraft missiles...

EUROPE: British Quarrels Further Erode Maastricht

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European integration except for falling back into the 19th century. "It's up to our political class to make that clear to everybody..."

MAJOR: Battered Leader Survives Confidence Vote

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Major enjoyed an extended honeymoon. Last year he led Conservatives to a come-from-behind victory at the polls...

ALBANIA: Chaos Follows Rigidity in the New Order

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elections since the 1920s. Communism here, as elsewhere in Eastern Europe, had its own tumultuous ending...

ASIA: Chinese Effort

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conditions for renewing China's most-favored-nation trading status in 1994. Mr. Christopher said he would also try to determine whether the United States should impose punitive sanctions on China...

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OPINION

INTERNATIONAL **Herald Tribune**

Bosnia's Cruel Mirror

There is something petty and embarrassing about the Clinton administration's defenses of its policy in Bosnia. Here is one of the great set pieces of political tragedy of the late 20th century, the world's virtual abandonment of a whole country to Serbs and Croats flouting civilized standards and organized appeals alike. The collapse of Bosnia, epitomized by the siege eating away at the capital of Sarajevo, brings with it terrible losses and alarming implications. The shame is underlined by the fact that it is going on in full public view. Yet the president and secretary of state, commenting on the event, manage to convey that its keenest edge is the criticism of the United States for not doing more to avert it. In their seeming desire that Bosnia hurry up and go away, they reveal a measure of self-preoccupation that trivializes the horror.

Typically, one government's hesitations were used to justify another's. The president had further opportunity to be more than mostly a spectator at Bosnia's expiring. He was invited to join allies in sending ground troops to set up "safe areas" for Bosnian Muslims. He declined, and now, without acknowledging the U.S. contribution to the outcome, claims the initiative has been ineffective. Bosnia has held up the cruelest of mirrors to the world.

Secretary of State Warren Christopher advises that the United States is doing all it can in Bosnia "consistent with our national interest." His words come uncomfortably close to offering a pass to the Serbs and Croats who are cutting up Bosnia, killing and uprooting its Muslims, toying with foreign relief and lying about it day by day. Mr. Christopher might better have saved policy debate for another day. Instead, he might have reminded Serbs and Croats that they are storing up a historical memory of themselves as violators of common decency and that they will be denied international comforts until their violence is undone. If words are to be spoken at this crucial moment, let Bosnians get some benefit from them.

—THE WASHINGTON POST.

A Panic Over Asylum

America, true to its tradition of sheltering the oppressed, guarantees due process to all who claim asylum in the United States. Recently, however, America has devalued that guarantee. Public anxieties about job competition and terrorists as well as racism have so frightened Washington that it has been intercepting shipsloads of Haitians and Chinese on the high seas before they can get a fair hearing on their claims of persecution. Now the Clinton administration, in cooperation with senators from both parties, is about to unveil a politically driven, poorly targeted package of legal changes, tentatively called the Expedited Exclusion and Asylum Reform Act of 1993.

Some asylum-seekers are phony. And granting everyone due process is time-consuming. But where is the crisis? Surely not in this year's expected total of 120,000 asylum claimants, 90 percent of whom are likely to be ruled ineligible and deported. The real crisis in U.S. asylum policy is one of poor management and scandalously inadequate resources. A shortage of asylum officers keeps the system in chronic backlog. At present, there are only 150 asylum officers in the whole country. By contrast, Germany has 3,000; Sweden has 800. That shortage leaves legitimate refugees in protracted limbo and extends the period during which excludable aliens can slip unnoticed into society.

Unfortunately, the administration's proposals focus neither on resources nor even on the largest category of asylum claimants, those already within the United States when they initiate their asylum claims. Instead, they concentrate on speeding and simplifying procedures at airports and other points of entry, adding new grounds for exclusion, and restricting court review of deportation decisions. These changes would make it easier to deport future shiploads of smuggled Chinese without having to hustle them off on Mexico, as the Clinton administration just did. But they would do so at the risk of repatriating people who could face persecution upon their return.

Asylum is a very different thing from immigration. Over the years, U.S. and international law have created a highly and strictly defined category of people who need protection from abusive governments or violently hostile neighbors. America, the land of liberty, has played a proud role in shaping international asylum law and has opened its arms over the years to East Europeans, Cubans, Indochinese and, more grudgingly, Central Americans.

But the record of the past two administrations has been anything but proud. President Bill Clinton, who once correctly characterized the Bush administration policy of forcibly repatriating Haitians as cruel, has now outdone his predecessor in returning "boat people" to the countries they are trying to flee. Historically, the military has been streamlining of procedures — principally by hiring and training additional asylum officers and judges, and providing more adequate detention facilities. Some tightening also is needed in defining persecution under China's strict population-control policies. Tougher penalties need to be imposed on smugglers and others willfully abusing the asylum system. But there is no justification for compromising due process in the hearing of claims. As Congress deliberates the administration's proposals, it needs to focus the panic, provide the resources, and demand reform rather than exclusion.

—THE NEW YORK TIMES.

Senators and the Judge

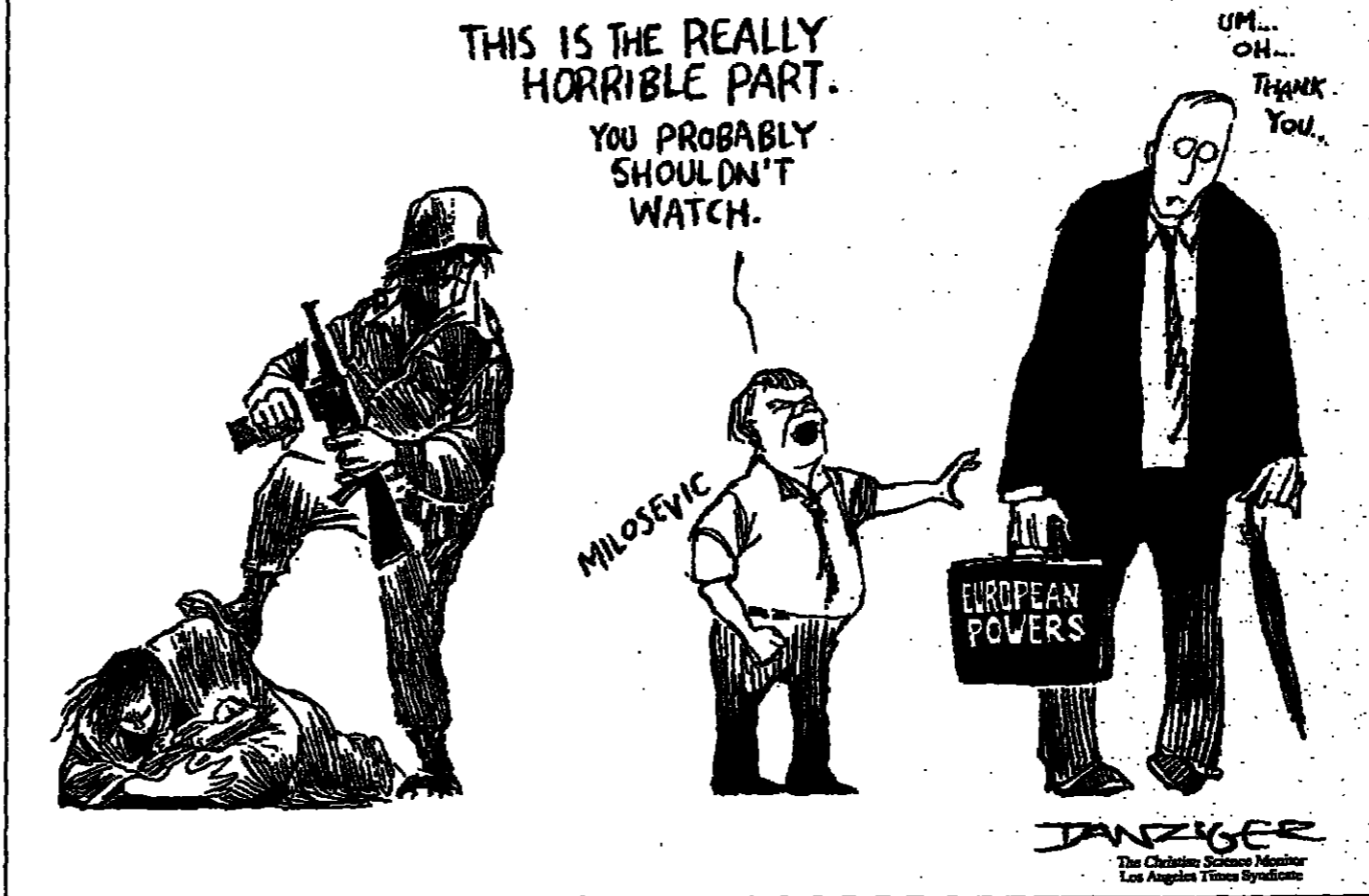
When President Clinton nominated Judge Ruth Bader Ginsburg to the Supreme Court, it was possible to assume that the complexity of her views would make it hard for the senators confirming her to apply simple litmus tests to her thinking. But the hearings so far suggest that old habits die hard.

Senators on cases that might come before them. Even after Mr. Hatch accepted Judge Ginsburg's response, the committee chairman, Joe Biden, could not resist reminding the Utah Republican that during Judge Souter's confirmation hearings, Mr. Hatch had urged the nominee to "stand your ground" in refusing to give "answers which you clearly cannot provide." Back then, Mr. Hatch warned against the Senate's imposing "indirect burdens tests on specific issues or cases" and said excessive senatorial probing "politicizes the judging function."

Other Comment

No, America Can't Take Them
America can't afford to lose control of its borders. President Clinton remarked recently: Where has been? We've been sloppy about this for years. In the past few months, however, a number of well publicized incidents have gotten the attention of the president and major media outlets. Those in key government roles are discovering what a lot of "average" Americans have been troubled about for some time. Aliens from Mexico have been entering the country illegally for decades. More recently, Haitians have poured into the country to escape political persecution at home and in

search of job opportunities. When a boatload of illegally Chinese immigrants "washed up" on a New York City beach, yet another serious incursion became evident.



Thailand: A Laboratory of Change and Democracy

By Anthony Lewis

BANGKOK — "It used to be a quiet country," Vichit Suraphongchai said. "We opened the door, and in came the wind of change. Do we want to close it again?" Mr. Vichit is president of Bangkok Bank, the country's largest, and his question was only rhetorical. No one visible here wants to end Thailand's boom. After economic growth in double digits over recent years, people are complaining that it is now a mere 8 percent or so — a figure that would be a miracle in Western countries.

But to me the political consequences are the most fascinating. For the growth of a middle class and the involvement of Thailand in the world economy are playing a significant part in what seems to be a movement toward lasting democracy. For decades, Thailand has had a cycle of elected governments and military takeovers. The latest coup was in 1991, when General Suchinda Kraprayoon took over.

The Thai military has a hand in lucrative trade for Burmese timber, seeing to it that contracts go to companies in which their families and friends have an interest. "Burmese trees are very old and very large," one person said, "so that's a lot of money for our generals."

Science Ought to Stay Out of the Gay-Rights Fight

By Charles Krauthammer

WASHINGTON — "Research Points Toward a 'Gay Gene,'" announced The Wall Street Journal. That was one of the more restrained responses to the news coming out of the National Institutes of Health that a new study of homosexuals had found that some might carry genes that might predispose them to homosexuality. The front page of The New York Times, gushing about "the politically explosive study of the origins of sexual orientation" noted that "the latest study is likely to add fuel to the debate over gay rights in the military and civilian realms."

And deserving protection against discrimination? The fact is, however, homosexuality will never be like race and gender, genetically speaking. Except in the rarest of cases, race and gender are entirely genetically determined. But we know from studies of twins that the concordance rate of homosexuality in identical twins is only about 50 percent. Identical twins have identical genes. Yet if one twin is homosexual, half the time the other has the opposite sexual orientation.

That presupposes a society averse to homosexuality. Many gay activists entertain the hope that they can combat this aversion with scientific proof of a genetic basis for homosexuality. They try to draw on the prestige of science to justify their demands for tolerance and discouragement of homosexuality is a question to be decided according to what people believe about the value morality and chances for happiness of a homosexual life. The science is irrelevant. So is this study.

'Get on With It' America — and Recognize Vietnam

By Victor H. Frank Jr.

H O C H I M I N H C I T Y — The steps that President Bill Clinton recently took toward normalizing relations with Vietnam are good, but they don't go far enough. One more needed U.S. effort to clear Vietnam's arrears to the International Monetary Fund, the legal obstacle to Vietnam borrowing from the IMF, the World Bank and the Asian Development Bank. Another step stationed three U.S. diplomats in Hanoi. But Mr. Clinton should "get on with it" lift the embargo and recognize Vietnam.

Japanese and Asian officials see this issue for what it has become in Asia: political and economic rights abuses might be grounds for a tough policy, but not in this case. The imprisonment of Vietnamese citizens for seven or more years for advocating a more open society is disturbing. Upsetting, too, is the large state presence in the economy. But a case can be made that a new U.S. presence in Vietnam would aid in the development of human and economic rights. Contacts help.

chafe at the restraining bit. The American Chambers of Commerce in Asia correctly warns that U.S. businesses must get in before it is too late.

International Herald Tribune advertisement listing contact information for various offices and staff members.

When Faith In the Law Is Broken

By A. M. Rosenthal

NEW YORK — Let's all put Crown Heights behind us — certainly, but not now, not yet. To walk away from Crown Heights now, with its real meaning and the real offense of New York City's government still unattended and unremedied, would make it more likely that some other riot, some other pogrom, against some other group would be committed somewhere in America. There can be hope after Crown Heights — but, as always, only when reality is faced.

We are told Crown Heights is a matter of Mayor David Dinkins's incompetence. Or — it is a matter of malarky, that cockamamie story that he did not know how bad it was, nobody told him. Or — the police brass were paralyzed by their own inefficiency and timidity. All true, but they do not add up to the whole. What is left out is what the Hasidim know, why the feeling of betrayal is so deep in them. To understand the crime, understand the victim. The mayor allowed one group of citizens to be persecuted, openly and violently, by another group of citizens without providing the victims with the protection of the law. What Hasidim know is this: That passiveness rivaled at the essential difference between America and the countries they or their parents fled in fear and disgust.

The Enigma Behind Pissarro's Cities

LONDON — Until Oct. 10, the greatest unresolved enigma of Impressionist art can be pondered at the Royal Academy. "The Impressionist and the City" is the first exhibition ever to focus on the urban views painted by Pissarro in the last 10 years of his life.

How an artist who until his early 60s had been absorbed in the French countryside and its rural life suddenly switched his attention to Paris and the Norman ports is a question that had never been asked. Nor had the pictures been much looked at as a whole. Richard R. Brettell of the Dallas Museum of Art notes in the catalogue that few museums own more than one or two



A street scene in Rouen, painted in 1898.

SOUREN MELIKIAN

townscapes by Pissarro. Had any substantial number of these been put together before, one odd characteristic would have leapt to the eye. Several have a quasi-topographical, highly structured character that seems a contradiction in terms with Impressionism and its emphasis on light, not outline.

The artist seems to have thought about it for a long time. A Paris view of the Boulevards Extérieurs under snow from 1879 was his first experiment in urban perspective in 1879. A brief attempt at aerial painting made in Rouen in 1883 led nowhere. The first serious campaign started in the winter of 1893 with four townscapes of which one, done from a hotel room opposite Saint-Lazare station, is in the show. Blandly topographical, it is overburdened with detail.

The painter waited a while before re-summing his experiment in serial urban painting. In 1896, he produced a batch of 12 Rouen views between January and March, and another 29 between Sept. 8 and Nov. 12. These include some of his greatest works ever. After that, he did not stop until his death in 1903. By then, Pissarro had produced over 300 urban views, more than any artist since the days of the Venetian "vedutisti."

Bennett tries to explain this outbreak of activity in a new direction through a variety of reasons. One is money. Pissarro was forever strapped for cash, and urban views sold better. Bennett believes another reason is to be sought in what he calls "Pissarro's renewed interest in the [anarchist] movement." This is supposed to have made him look at crowds with fascination. "The middle of social classes in his urban painting forms a sort of visual/political manifesto," he writes.

Pissarro supported the far left all his life. He had good reason to loathe the social bias and exploitation. Jacob Abraham Camille Pissarro was born of Jewish parents, both practicing, in the far away Charlotte Amalie, capital of Saint Thomas in the Virgin Islands. His father, a Bordeaux merchant, had emigrated in 1824. The colonial environment probably alerted

young Camille to injustice. Then, there was a five-year stint in a boarding school in Paris, which may not have been pleasant. He returned in 1847, in principle to join the family business. But the young man was decidedly not cut out for bourgeois life. In 1855, he left for Paris, never to return.

In October, he visited the "Exposition Universelle" where he discovered Corot, Combet and Delacroix. Pissarro was ecstatic. He would be a painter. He met other aspiring artists, first Monet, then Cezanne and Gauguin, and later Manet. There came the trauma of the Franco-Prussian War. Pissarro fled to London, leaving his home in July 1870, and returning a year later to find it ransacked.

This was followed by the nightmare of the Commune, drowned in a bloodbath by an establishment clinging to its privileges. Pissarro, away from Paris and steeped in his art, was not involved. But he was not indifferent. His commitment to the anarchist movement was complete and never varied, as far as is known. It is unlikely to have affected his painting. If it did, there is no reason why any change should have appeared. As for the "middle of social classes," it takes a fine eye to detect status in the sketchy figures, often mere blobs veiling, on abstraction.

Hardly more convincing is a third suggested reason — that he followed Monet. For one thing, Monet started so much earlier in doing serial views that "follow" is not the word. For another, what Pissarro strove to achieve is vastly different. Monet looks at variations of light on surface and volume. Pissarro at first aimed at structured compositions to which he gave, through a multitude of juxtaposed strokes, a kind of chopped-up linear quality with a sort of vibrant. It is a bit like an engraver's etching transposed in the thicker strokes of a brush loaded with oil paint. Pissarro, who had been practicing engraving and etching for decades, must surely have been influenced by this experience.

BUT at the heart of his innovation there seems to have been another factor. What he appears to be studying is the varying sharpness of perception, like a photographer looking through a lens and changing the focus. "Boulevard Montmartre: Rainy Weather Afternoon," despite the sketchy stroke technique, remains a precisely descriptive view.

The same boulevard at night is a masterpiece in image suggestion. It is figurative, but only just. The perspective is indicated, but the detail is beyond recognition. (In another

view of the Boulevard Montmartre on Shrove Tuesday, only the rooftops at right really identify the subject matter of the picture. These two views could only have been painted in a world in which visible form was about to dissolve into abstraction. In Monet this comes later.)

Not only does Pissarro blur or sharpen his focus like a photographer playing with his lens, but, what is more, he zooms in on his subject in a way that is typical of the photographer's approach, occasionally positioning himself under a slightly different angle.

He did this in 1901 with his views of "The Pont-Neuf and the Statue of Henri IV." There is a striking diptych in the catalogue. One picture, painted from a distance, cuts out the right bank and shows the Institut de France dome on the left bank, clearly visible beyond the pale golden leaves of late October in Paris. The other, done one step closer, leaves the Institut drowned in greyish mist barely to be made out. Only the tree, with the swinging rhythm of its branches, matters. It could be anywhere.

Lastly is Pissarro's device of painting his views from above. The suggestion that this was due to ill health, which would keep him in his hotel room, again fails to carry conviction. There were sunny days, and some views were painted outdoors anyway. The trick is related to Pissarro's interest in perception and, I suspect, yet again linked to the influence of photography rather than Japanese woodblocks as has been argued — there is no easier way of shifting the angle when shooting, or painting, a landscape.

As in every experiment, results varied from the frequently pedestrian to the occasionally sublime. There is no need to linger amid the views of the Louvre or the endless vistas of the Avenue de l'Opera. Where Pissarro brings in a Neo-Impressionist palette in pale pinks and yellows, his townscapes look like washed-down Monet-style postcards. But when the tourist sites are dropped and the paraphernalia of conventional Impressionism forgotten, surprise begins. "The Pilots' Jetty: Le Havre" is sophisticated in composition, subtle in atmospheric effect. "The Port of Rouen, Saint Sever" is a masterpiece in suggestive atmosphere, all in nuances of white, black, grey, a bit of maroon, which sum up the smoky coldness of a riverside port.

The port of Rouen seen at sunset inspired the wonderful picture from the National Museum of Wales in Cardiff, which has less to do with Impressionism than with earlier British watercolors. British painting again must have lingered in Pissarro's mind as he did "The Boatmen Bridge at Sunset, Rouen" in 1896. There is a Turner-like feel to the shimmering explosion in the sky and in the water under the bridge.

At that moment, the old anarchist who started out as a mild Impressionist concerned with rural life painted some of the greatest works in the twilight of European landscape painting.



Henry Shunk's 'Le peintre se jetant dans le vide' (the artist in freefall).

Artistic Games in Blue

By Michael Gibson
International Herald Tribune

PARIS — The word *azure*, so nicely assorted to this summer season, is derived from the Persian term for the blue stone, lapis lazuli. To the romantic poets azure evoked both the heavens and the hues of far-away mountain ranges. It was the very color of remoteness.

In this sense it stands for those implausible and inaccessible places in which everyone is assumed to be happy — heaven or utopia — and for the future that the Polish poet Julian Tuwim, with laconic irony, defined as "a time when we will be contented."

ranging choice of works. Peter Greenaway did this for the notions of weight and light in his delightful exhibition at the Louvre earlier this year. Hervé Chandès' purpose has been to suggest how art manages to evoke aspects of human experience that might be thought impossible to represent.

The show has the unusual merit of stressing the poetic potential of various contemporary works rather than their intellectual pretensions. The effect is cumulative, for contemporary works are all too often like the scattered fragments of an unbroken whole that the spectator, like some aspiring paleontologist, is expected to reconstruct in his mind.

151"), all tend to reinforce one another in the sense determined by the organizer of the show.

The Yves Klein monochrome painting is typical of the problem raised by much contemporary work. To the eye it offers nothing more than the pure intensity of a color. Nor does it offer more to the mind. To make any sort of sense of it, we have to place it in the context of a period and relate it to the artist's peculiar life and pretensions.

Set in the context of several hundred works, witty, lyrical or strange, it suddenly appears endowed with a meaning and even a serenity that it cannot be expected to achieve on its own.

The point is not to praise Klein, whose importance here is slight, but to point out something peculiar to this exhibition. It does not so much make a point as it arouses an emotion and favors a reflective mood. It also provides some pleasantly straightforward aesthetic enjoyment, something that the stern soul of modernism had quite actively discouraged in recent decades.

HE is, of course, incapable of doing so because the clues provided are insufficient. But in a show like this, a blue painting by Yves Klein, a series of 12 forms carved out of blue African granite by James Lee Byars, a blue sky with white clouds by Magritte (entitled "The Curse") and a large blue canvas by Robert Motherwell ("Open

A Career View Of Larry Fink

ARLES, France — In Larry Fink's pictures, one can almost smell the perspiration of the Philadelphia boxer, hear the frantic orders shouted by the Wall Street brokers, be caught in the laughter at his friends' wedding reception or overhear the whispers of the powerful people on Capitol Hill.

More than 150 of Fink's black and white photographs are on show at the Espace des Arènes in Arles (until Aug. 15).

The 52-year-old photographer from New York said that he gleaned his convictions from his "unconventional, left-leaning, socially conscious mother," and his need for creative expression from his art-loving father.



One of Larry Fink boxer photographs at Arles show.

New Chief at Paris Opéra

Compiled by Our Staff From Dispatches

AIX-EN-PROVENCE, France — Hugues Gall, director general of the Grand Théâtre de Geneva since 1980, was designated Friday as the future chief of the Paris Opéra.

Culture Minister Jacques Toubon, who announced the change at the annual opera festival here, said Gall would take over in August 1995, when his contract in Geneva expires.

He will replace Pierre Bergé, who is also head of the Yves Saint Laurent couture empire and a prominent supporter of President François Mitterrand. Bergé was named president of the Paris Opéra theaters in 1968, a title that had not existed before. His turbulent regime has been marked by heavy turnover of high-level personnel, beginning with his dismissal of Daniel Barenboim as artistic director.

Gall, 53, was secretary general and deputy administrator of the Opéra from 1969 to 1980, under Rolf Liebermann.

Before Oct. 15 of this year, Gall will have to submit a report on his artistic and financial plans for the Paris Opéra. It includes the Palais Garnier and the new Opéra Bastille. The report will have to take into consideration the existence of other dance and opera institutions in France to coordinate the Paris program with "large regional stages and lyrical festivals like Aix," Toubon said.

BOOKS

STRANGE BEDFELLOWS: How Television and the Presidential Candidates Changed American Politics.
By Tom Rosenstiel. 368 pages. \$24.95. Hyperion.

Reviewed by Michiko Kakutani

DENOUNCEMENTS of the press by politicians proliferated during last year's presidential campaign. President George Bush's campaign complained that the news media suffered from a liberal bias. Bill Clinton's campaign complained that the media diverted attention from the real issues by focusing on silly matters like Gennifer Flowers. And Ross Perot's campaign complained that the media had become an obstacle between the voter and the political process.

In his absorbing new book, "Strange Bedfellows," Tom Rosenstiel contends that such complaints belie a far more complex and mutually dependent relationship between politicians and the press.

A media reporter for the Los Angeles Times, Rosenstiel was convinced that "no one could understand American politics without understanding American television first," and he decided to follow one television network for the entire 1992 campaign.

His choice was ABC, whose "World News Tonight" with Peter Jennings had been No. 1 in the ratings since the fall of 1989. The network gave Rosenstiel virtually complete access to its story and budget meetings, its internal

memos and its producers and correspondents, and he came away impressed. As he sees it, "World News Tonight" is the most serious of the nightly news broadcasts. NBC's coverage, he suggests, has suffered from the network's financial cutbacks, while CBS has taken an increasingly populist approach.

Rosenstiel is most interested in the dynamics between television and the world of politics it covers. "Journalists like to imagine the press to be a great mirror, reflecting the images it sees but not creating them," he writes. "The metaphor is convenient but wrong. The images in the mirror are magnified and the reflection distorted. The people pictured in the glass now spend too much of their time changing themselves to adapt to the mirror's flaws."

Indeed, Rosenstiel argues that for many years politicians have been using television to "go over the heads of the party and the press, to appeal directly to voters."

In the 1976 campaign, he says, Jimmy Carter set out to win the otherwise meaningless Iowa caucuses in order to convince the news media that he was the candidate with momentum. In 1980 and 1984, Ronald Reagan learned to control the pictures voters saw on television and thereby hone the image he projected to the world. And in 1988, George Bush discovered the symbolic issues — the Pledge of Allegiance and prison furloughs — that fit the abbreviated grammar of television, generating easily accessible images that triggered deeper associations in voters' minds.

This manipulation of the media by politicians reached new heights,

work to help them secure guests, and to monitor their coverage.

What was new in the 1992 campaign, says Rosenstiel, was the "expanding media environment." Cutbacks in network coverage (because of increased cost cutting), combined with the growing influence of local television stations, shifted the way most Americans received their news.

Michiko Kakutani is on the staff of *The New York Times*.

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NYSE

Friday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

High	Low	Open	Close	Change	% Change	Volume	Open Interest
100.00	98.50	99.00	99.50	+0.50	+0.50%	100000	100000
100.00	98.50	99.00	99.50	+0.50	+0.50%	100000	100000
100.00	98.50	99.00	99.50	+0.50	+0.50%	100000	100000
100.00	98.50	99.00	99.50	+0.50	+0.50%	100000	100000
100.00	98.50	99.00	99.50	+0.50	+0.50%	100000	100000

Continued on Page 12

Some figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual distributions based on the latest declaration.

- a - dividend rate (annual)
- b - new yearly low
- c - dividend declared or paid in preceding 12 months
- d - dividend in Canadian funds, subject to 15% non-resident tax
- e - dividend declared after split or stock dividend
- f - dividend paid this year, omitted, deferred, or no action taken or latest dividend meeting
- g - dividend declared or paid this year, on accumulative basis with dividends in arrears
- h - new issue in the next 30 days. The high-low range begins with the start of trading.
- id - not day delivery
- P/E - price-earnings ratio
- f - dividend declared or paid in preceding 12 months, plus stock dividend
- st - stock split. Dividend begins with date of split.
- sl - sales
- sv - dividend paid in stock in preceding 12 months, estimated cash value an ex-dividend or ex-distribution date.
- ny - new yearly high
- bk - in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities owned by such company
- w - when distributed
- wr - with warrants
- x - ex-dividend or ex-rights
- z - ex-distribution
- wt - without warrants
- y - equivalent and sales in full
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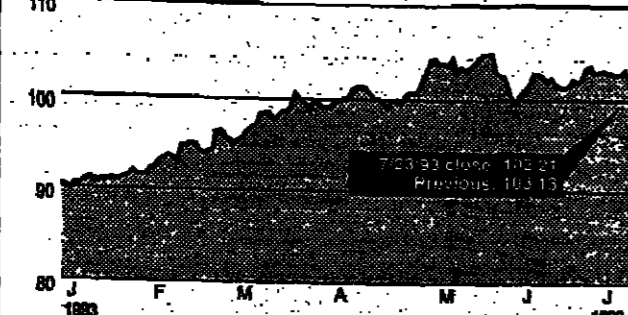
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THE TRIB INDEX: 102.21

International Herald Tribune World Stock Index, composed of 230 internationally investable stocks from 20 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland. In the case of Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked.

Asia/Pacific			Europe			N. America		
Approx. weighting: 25%			Approx. weighting: 40%			Approx. weighting: 35%		
Close: 118.98	Prev: 128.006	% Chg: -7.4%	Close: 96.55	Prev: 95.84	% Chg: +0.7%	Close: 92.94	Prev: 92.68	% Chg: +0.3%

Industrial Sectors			
PK	PK	%	%
Close	Prev	Chg	Chg
Energy	101.04	100.01	+1.03
Utilities	107.84	109.94	-1.91
Finance	111.71	113.94	-1.96
Services	111.01	111.46	-0.40
Capital Goods	96.87	96.76	+0.09
New Materials	101.74	102.44	-0.69
Consumer Goods	85.38	85.53	-0.18
Miscellaneous	98.18	98.43	-0.25

For readers desiring more information about the International Herald Tribune World Stock Index, a booklet is available free of charge by writing to: Trib Index, 101 Avenue Charles de Gaulle, 92021 Neuilly-Cadex, France.

ECONOMIC SCENE

Call for Stimulus in Japan Just Might Get Through

By Peter Passell
New York Times Service

NEW YORK — "What the world needs from Japan is a sustained period of domestic demand-led growth," Lawrence H. Summers told a group of movers and shakers from the Japanese business community. The lecture, delivered by the U.S. undersecretary of the Treasury on the eve of the Group of Seven summit meeting in Tokyo this month, was not the first Japanese had heard on this theme.

Nor, with President Bill Clinton gearing up for his "jobs summit" and Congress itching to shove some Toyotas off the dock, is it likely to be the last. Most Western economists believe a big tax cut would be the best way — perhaps the only practical way — for Japan to get Washington off its back.

But even if the executives wholeheartedly agreed, they would probably not be able to make their opinions felt: In Japan, more than in most other modern democracies, the inner circle of economic policy-making is dominated by deeply conservative civil servants adept at resisting interest-group pressure.

"They are pre-Keynesians," concludes John Makin of the American Enterprise Institute, bureaucrats who would rather "risk a 1930s-style depression" than use deficit financing to stimulate the economy.

There is still a chance, though, that the better-than-expected electoral showing of the Liberal Democratic Party — and the relative failure of the splinter Japan Renewal Party that had been not-so-quietly backed by the Ministry of Finance — will lead to changes previously beyond the reach of big business.

Ironically, suggests Jan VanDenBerg, an economist formerly at Merrill Lynch who is now writing a book about Japan, the old-line LDP that had lost its credibility before this election "is on the side of good sense."

Japan's economic growth slowed to a crawl in 1991 and actually slipped into reverse in the second half of 1992. By coincidence, imports fell sharply, reopening the yawning trade gap that had largely been closed in the late 1980s.

The Organization for Economic Cooperation and Development forecasts that Japan's current account surplus, the broadest measure of its financial balance with the rest of the world, will reach a record \$150 billion next year. What's more, unemployment will continue to creep up as a tepid recovery fails to create jobs.

The Western medicine of choice would be a dose of fiscal

The normally impervious inner circle could be vulnerable.

See JAPAN, Page 12

Franc-Mark Link: Why Paris Is Stuck With It Now

By Tom Redburn
International Herald Tribune

PARIS — The French government has painted itself into a corner by pinning so much of its relationship with Germany on the fixed parity between the franc and the Deutsche mark, analysis said Friday, but it now appears to have little choice but to continue with this strategy.

"It was a mistake to place so much emphasis on currency parities and Maastricht criteria in defining what is surely more of a historic than a purely economic link," said David Roche, European strategist at Morgan Stanley International in London. "What Europe needs to promote integration is more jobs, not a policy of high real interest rates that strangles growth."

At the time of German unification in 1990, Paris rejected a golden opportunity to readjust European currency rates in a way that would have helped the Bundesbank control inflation without squeezing the German economy and the rest of Europe as much as it has done.

That decision backfired spectacularly, helping to bring upon the current recession in much of Europe. And by insisting that any exchange-rate adjustment could leave the European Community in tatters, France has immeasurably raised the stakes in the currency game.

Nonetheless, French officials from President Francois Mitterrand on down have insisted ever since then that any devaluation of the franc would call into question not just Europe's currency grid but the entire goal of European unity.

French officials, reluctant to admit they might have erred, defend this heavy emphasis on currency parities as necessary to prod the Bundesbank to ease up on interest rates. Despite a recent rise in Germany's money supply, the heat is on the German central bank to cut rates next week, to take some of the pressure off the franc.

"I can't believe the Bundesbank, when it is put to the test, is prepared to put a relationship going back 50 years at risk simply because of one month's figures," said Graham Bishop, an economist at Salomon Brothers in London, referring to German money-supply data. "You simply cannot analyze the policy response strictly in terms of economics."

On Friday, Germany again joined France in pledging to defend the franc against currency speculators as the French central bank raised short-term lending rates to 10 percent from 7.75 percent. But many traders insist that the relationship between the two currencies cannot long be defended through interest rates alone.

"Raising interest rates was the worst move France could have made," Chris Zermann of Sal Oppenheim in Frankfurt told Reuters. "The higher rates cannot be sustained, with the French economy as it is."

All of this is occurring just as the bond that has been forged between Paris and Bonn has appeared to weaken.

In recent months, some French politicians have looked with envy at Britain, whose decision in September 1992 to pull out of Europe's exchange-rate mechanism and later to cut interest rates helped pull its economy out of recession.

Paris, however, believes it has much more of a stake in supporting Europe's beleaguered system of exchange-rate parities than London ever did.

"France and Germany have a mature marriage of many years to maintain," Mr. Roche said. "For Britain, it was simply a two-and-a-half-year affair with the ERM."

But while France and Germany remain closely tied on monetary matters and issues of European unity, other alliances are turning the Community into a much more fluid grouping.

Paris and London, for example, share an interest in foreign affairs and are allied in their misgivings over President Bill Clinton's decision to extend a freeze on nuclear-weapons testing. In addition, both have permanent seats on the UN Security Council, and they are reluctant to extend that status to Bonn and Tokyo.

Similarly, Bonn and London have a much stronger commitment to free trade than Paris, and they have tried jointly to prod France to accept a global trade agreement that would limit European farm subsidies.

Profits Up At Exxon And Mobil

Compiled by Our Staff From Dispatches

IRVING, Texas — Exxon Corp. reported Friday a jump in second-quarter earnings of nearly 33 percent on revenue that rose less than 1 percent, a performance that the company credited in part to cost-cutting measures.

Exxon earned nearly \$1.24 billion on revenue of \$27.9 billion. That compared with earnings of \$930 million on revenue of nearly \$27.8 billion during the second quarter of 1992. The results include \$210 million in one-time credits.

Meanwhile, in Fairfax, Virginia, Mobil Corp. said second-quarter earnings doubled because of higher natural-gas prices, cost-cutting and improved profits from fuel sales in Asia.

Profit from continuing operations rose to \$519 million, from \$255 million during the same period in 1992.

A net gain from special items totaling \$60 million in the most recent quarter resulted in net income of \$579 million for Mobil. The gain was the net result of \$213 million in tax-related benefits and losses of \$112 million for U.S. environmental expenses and \$41 million in restructuring costs.

Results in the oil industry have exceeded Wall Street expectations.

"The gains came despite weak crude-oil prices and sluggish economic conditions," said the Exxon chairman, L.R. Raymond. Cost reductions resulted from the restructuring steps taken in North America in 1992, he said.

During the first half of this year, Exxon earned \$2.4 billion, compared with \$2.1 billion in the first six months of 1992.

In Los Angeles, Occidental Petroleum said second-quarter earnings rose 25 percent because of higher natural-gas prices and cost-cutting in its chemicals business.

(AP, Bloomberg)

New Steel Cartel Charge Letter From Osaka Reopens the Debate

By Peter Behr
Washington Post Service

WASHINGTON — On April 7, a steel importer in the Japanese port city of Osaka did something almost unthinkable in his country's tightly knit business community.

He wrote a letter to the American steel industry accusing his country's steelmakers of operating a cartel to rig prices and control steel shipments into Japan and other Asian nations.

Long rumored outside the industry, the existence of such "gentlemen's agreements" among major Japanese and European steel mills to control steel trade in their two regions is explicitly denied by industry leaders.

But the Japanese importer's charge that they do exist revives the debate at a critical time for major steelmakers, who have suffered huge losses from recessions in the industrial world.

Representatives of Japan's five major steel mills "periodically meet and negotiate with overseas mills, except those in the U.S. and Eastern bloc countries," the importer wrote to the American Iron and Steel Institute, a trade group. He added, "Of course, such negotiations are always conducted confidentially, but most of the steel industry people know the facts."

In an interview, the Japanese steel trader, who asked not to be identified, said he had attended those meetings in the 1970s as an executive of one of the big Japanese mills before he left to establish an importing company.

"Incredible, is my comment," said Eishiro Saito, former chairman of Nippon Steel Co. and one of those who rebuilt Japan's steel industry after World War II. "We have never been nor will we ever become a party to any such mechanism of controlling steel imports. I think that is a plain fairy tale."

But in interviews, two retired European steel executives said that beginning in the late 1970s they had met with steel company officials from competing European and Japanese concerns to seek agreements on setting prices of steel exports.

"Steel industry people do consult with each other," said Rudolph Hoorweg, a retired executive of Nedststal, a German-owned steel company in the Netherlands. "We do not consider it to be illegal or improper."

Pierre Seveing, a retired steel executive from Luxembourg, said he had attended meetings with Mr. Hoorweg in the early 1980s. He said he believed such meetings were still going on last year, when he left the company, although with less "enthusiasm" now that the industry was more competitive.

"It continued to meet, but the discipline relaxed quite significantly," he said. The arrangement is "sleeping" now, he said.

The question is timely because 12 major American steel companies have accused steelmakers in 19 other countries of violating U.S. trade law by dumping steel at unfairly low prices and taking advantage of extensive subsidies to keep unprofitable plants running.

If the American companies win their case before the U.S. International Trade Commission next week, foreign steelmakers could be hit with penalty duties that would price most of them out of the American market, perhaps for years.

Foreign steelmakers say stiff domestic competition, not imports, has caused the American companies to post a string of losses since the late 1980s. A spokesman for the European Community said

Japanese mills 'periodically meet and negotiate with overseas mills, except those in the U.S. and Eastern bloc.'

A Japanese steel importer, in a letter to the American Iron and Steel Institute

OPEC Postpones Talks as Saudis And Iran Clash

Compiled by Our Staff From Dispatches

BRUSSELS — OPEC postponed on Friday an emergency meeting scheduled for next week after Saudi Arabia and Iran clashed over which country was responsible for the recent sharp fall in oil prices.

Officials at the Organization of Petroleum Exporting Countries' headquarters in Vienna said no new date had been set for the talks, which were due to open next Wednesday.

Iran and Saudi Arabia are OPEC's biggest producers, and if they do not see eye to eye, chances of an agreement on cutting output to boost prices must recede.

Saudi Arabia's influential oil minister, Hisham Nazer, said Friday that Iran was supplying more oil than allowed under its OPEC-set quota of 3.3 million barrels a day. "With this continuous excess of its quota, it alone bears the responsibility for the collapse of the price on the market," Mr. Nazer said in a statement distributed by the official Saudi Press Agency.

Iran earlier called for the kingdom to cut its production from 8 million barrels a day. "There is no justification for that country's present rate of daily production," said an editorial in Thursday's edition

of the Tehran Times. The English-language newspaper, which reflects government thinking, said Iran would urge "pressure on Saudi Arabia in this regard."

The benchmark North Sea Brent Blend oil price closed at \$16.69 for September delivery on Friday, up 4 cents. The September contract for U.S. light sweet crude closed 12 cents higher at \$17.75 on the New York Mercantile Exchange.

The fight between the key producers broke out during a swing through the Middle East by the OPEC president, Jean Ping, who wanted to talk to members before the emergency session.

But after meeting Mr. Nazer Thursday in Saudi Arabia, Mr. Ping said he would need more time to collect the ideas of the member nations. Saudi sources had said earlier that the kingdom was opposed to calling an emergency meeting, fearing it would be contentious and counterproductive.

Mr. Ping arrived in Tehran on Friday, where he said he planned to hold talks with the Iranian oil minister, Gholamreza Azagadeh, on Saturday.

The OPEC president's next stop is scheduled to be the United Arab Emirates. (AP, Reuters)

U.S. Air Fares Are Up, and Set to Climb

By Edwin McDowell
New York Times Service

NEW YORK — In a surprising turnabout, the average U.S. airline ticket price has risen sharply this year — not only from last summer, when a half-price sale helped 24 million Americans take to the air, but higher than the first six months of 1991.

The increase shows signs of holding despite sporadic sales and even though upstart regional carriers are forcing the biggest airlines to lower prices on competitive routes.

Thus, a year after the airlines abandoned efforts to simplify air fares, the fare categories are as numerous as ever and as confusing.

While bargains are still available, sales and discounts are more narrowly focused. As a result, analysts say, prices will continue to rise in small but steady increments.

"There have been very substantial fare increases since last year, both in leisure and business fares," said Robert Harrell, vice president of the air-fare management unit of American Express. "Through a series of steadily

increases that began the end of last summer, and went up month after month, the carriers got the fare levels way back up."

The average domestic ticket price was \$535 last month, according to Topaz Enterprises, a fare-auditing firm. That was not only higher than the \$458 average of June 1992 but was up almost 12 percent from the \$479 average in

To protect Japan's airlines, the government plans cuts on discount tickets. Page 13.

June 1991. The big airlines put through the increases in an attempt to stanch losses, even though traffic remains sluggish.

In December alone, the carriers pushed through three price increases totaling 20 percent on unrestricted coach fares, the highest-priced economy fares used mostly by business travelers. Several other increases have since been tacked on.

In fact, from June 1992 through June 1993, leisure fares rose 81 percent, according to the monthly American Express index, while coach

fares climbed 47 percent and the lowest economy fare by business rose 44 percent.

From the viewpoint of the carriers, which lost \$3 billion last year and almost \$10 billion since 1989, the higher fares are long overdue. Profits, however, remain thin, and not since 1988 has the airline industry earned a net profit margin of as much as 3 percent.

One feature that survived the short-lived value pricing system introduced by American Airlines 15 months ago is to allow leisure travelers to change their flights for a nominal fee.

"The idea of trying to simplify fares was a great idea," said Phyllis Swiden of Village Travel in Brookings, South Dakota. Other fares that have returned are special rates for students, children, members of the military, bereavement fares, negotiated fares for corporate clients and group fares for meetings and conventions.

Southwest Airlines has added a twist. One-way fares for tickets bought 14 days in advance; normally, the industry requires a round-trip purchase to qualify for special advance-purchase fares.

CURRENCY & INTEREST RATES

Cross Rates									
	£	DM	FF	LYF	S.P.	S.F.	Yen	CS	Points
Australian	1.525	1.310	1.350	1.350	1.350	1.350	1.350	1.350	1.350
Canadian	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750
French	1.667	1.667	1.667	1.667	1.667	1.667	1.667	1.667	1.667
German	0.667	0.667	0.667	0.667	0.667	0.667	0.667	0.667	0.667
Italian	1.937	1.937	1.937	1.937	1.937	1.937	1.937	1.937	1.937
Japanese	108.00	108.00	108.00	108.00	108.00	108.00	108.00	108.00	108.00
Swiss	1.483	1.483	1.483	1.483	1.483	1.483	1.483	1.483	1.483
U.S.	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750

Eurocurrency Deposits									
	1 month	3 months	6 months	9 months	12 months				
Dollar	7-7/8	8-1/2	9-1/8	9-3/4	10-1/8				
DM	7-7/8	8-1/2	9-1/8	9-3/4	10-1/8				
FF	7-7/8	8-1/2	9-1/8	9-3/4	10-1/8				
LYF	7-7/8	8-1/2	9-1/8	9-3/4	10-1/8				
S.P.	7-7/8	8-1/2	9-1/8	9-3/4	10-1/8				
S.F.	7-7/8	8-1/2	9-1/8	9-3/4	10-1/8				
Yen	7-7/8	8-1/2	9-1/8	9-3/4	10-1/8				
CS	7-7/8	8-1/2	9-1/8	9-3/4	10-1/8				
Points	7-7/8	8-1/2	9-1/8	9-3/4	10-1/8				

Key Money Rates									
	1 month	3 months	6 months	9 months	12 months				
U.S. Treasury bill	7-7/8	8-1/2	9-1/8	9-3/4	10-1/8				
U.S. Treasury note	7-7/8	8-1/2	9-1/8	9-3/4	10-1/8				
U.S. Treasury bond	7-7/8	8-1/2	9-1/8	9-3/4	10-1/8				
U.S. Government bond	7-7/8	8-1/2	9-1/8	9-3/4	10-1/8				
U.S. Government bond	7-7/8	8-1/2	9-1/8	9-3/4	10-1/8				

Key Money Rates									
	1 month	3 months	6 months	9 months	12 months				
U.S. Treasury bill	7-7/8	8-1/2	9-1/8	9-3/4	10-1/8				
U.S. Treasury note	7-7/8	8-1/2	9-1/8	9-3/4	10-1/8				
U.S. Treasury bond	7-7/8	8-1/2	9-1/8	9-3/4	10-1/8				
U.S. Government bond	7-7/8	8-1/2	9-1/8	9-3/4	10-1/8				
U.S. Government bond	7-7/8	8-1/2	9-1/8	9-3/4	10-1/8				

Bull and NEC Plan Deal

PARIS — Groupe Bull and NEC Corp. of Japan will soon announce a major deal on joint production of mainframes, the French computer maker said Friday.

But Bull denied a report that the two companies were also planning to work together on personal computers.

Michel Nicot, a Bull spokesman, said the idea of collaborating more closely on mainframes had been under consideration for a year.

NEC took a 43 percent stake in Bull in 1991. Another mainframe maker, International Business Machines Corp. of the United States, also owns a minority stake in Bull.

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NOTICE OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

No shareholder having been present or represented at the ordinary general meeting of shareholders on June 29th, 1993, a second annual general meeting of shareholders will be held at its registered office in Luxembourg, 14, rue Aldringen, on August 2nd, 1993 at 15.00 o'clock for the purpose of considering and voting upon the following agenda:

- to hear and accept:
 - the management report of the directors
 - the report of the auditor.
- To approve the statement of net assets and the statement of changes in net assets for the year ended March 31st, 1993.
- To discharge the directors and the auditor with respect of their performance of duties during the year ended March 31st, 1993.
- To elect the directors to serve until the next annual general meeting of shareholders.
- To elect the auditor to serve until the next annual general meeting of shareholders.
- Any other business.

The shareholders are advised that no quorum for the statutory general meeting is required and that decisions will be taken at the majority of the shares present or represented at the meeting.

In order to take part at the statutory meeting of August 2nd, 1993, the owners of bearer shares will have to deposit their shares five clear days before the meeting at the registered office of the Fund, 14, rue Aldringen, Luxembourg, or with the following bank:

Banque Générale du Luxembourg S.A.,
14, rue Aldringen, Luxembourg.

MARKET DIARY

Improved Earnings Lift Stock Prices

Compiled by Our Staff From Dispatches

NEW YORK — Prices ended higher Friday on the New York Stock Exchange, boosted by strong corporate earnings.

The Dow Jones industrial average, which slid 30.18 points on Thursday, was up 21.52 to 3,546.74, on volume of 218.07 million shares.

Advancing issues narrowly outnumbered declines.

The American stock exchange market value index inched up 0.69 to 432.05 while the Nasdaq combined composite was up 4.72 points to 700.24.

The spotlight remained on corporate results in the absence of any major economic reports Friday.

The volume of quarterly financial reports was lighter, though, than the heavy load released each day earlier in the week.

"Today's recovery is somewhat of a technical bounce," said James Schroeder, an analyst with MMS International, adding, "We did see some rounds of computer-guided buying."

The bellwether 30-year Treasury bond, which fell 15/32 Thursday to yield 6.66 percent, was down 17/32 to 105 15/32. The issue's yield hovered around 6.70 percent in the residual bearish effect of comments Thursday by the

chairman of the Federal Reserve Board, Alan Greenspan, who took a tough anti-inflation line, traders said bonds were being pressured by the rush of corporate and government debt issues and a rise in commodity prices.

The Commodity Research Bureau index of 21 widely watched commodities, often used by investors as an inflation barometer, was up 0.99 to 218.98.

Telefonos de Mexico was the most active issue, climbing 2 1/4 to 49 1/2, after the company reported a 3.63 percent gain in earnings for the first half of the year.

USX-US Steel Group followed, inching up 1/4 to 36 1/4. Its 9-million-share offering had been priced at \$36.25 a share.

Among the other actives were IBM, which fell 1 to 42 1/2. The company is expected to announce a 50 percent cut in its dividend next week and to take a restructuring charge of as much as \$3 billion to cut as many as 50,000 jobs.

Elsewhere, Exxon Corp. was up 1 to 65 1/2. The largest U.S. oil company said second-quarter net income advanced to 98 cents a share from 73 cents last year, largely because of cost cutting and one-time gains. Analysts had expected Exxon would earn 88 cents.

Disney gained 2 1/2 to 39 1/2 after a brokerage upgraded its investment rating on the company.

(Bloomberg, UPI)

Dollar Is Beneficiary Of Upheaval in EMS

Bloomberg Business News

NEW YORK — The dollar gained against most major currencies Friday as investors sought shelter from turmoil in the European Community's exchange-rate mechanism.

The European Monetary System's rate mechanism, which keeps most EC currencies trading within narrow bands, came under persistent pressure as traders dumped the French franc, brushing off efforts by the German and French central banks to stabilize it.

An exit by the franc from the ERM would almost certainly lead to the system's collapse, and would probably be accompanied by currency devaluations and interest-rate cuts by EC governments.

"People are looking for a place to put their money, and the dollar is one of the places they're choosing," said Tom Benfer, senior currency-market representative at the Bank of Montreal. Investors bought yen and British pounds as well, he said.

The dollar rose against the Deutsche mark throughout the London and New York trading sessions, finishing at 1.7195 DM, up from

1.7055 DM in New York late Thursday.

The dollar also gained against the yen after the Bank of Japan bought dollars for yen to stabilize the U.S. currency after a sharp slide Thursday. The dollar closed at 108.90 yen, up from 107.75.

The franc remained under siege even as the German and French central banks bought the currency in large quantities, traders said.

The Bank of France also raised overnight interest rates to 10 percent from 7.75 percent to make speculating against the franc more expensive. The franc closed at 5.8781 to the dollar, up from 5.8075.

The pound recovered some of its overnight losses, meant after Prime Minister John Major survived a vote of confidence called after a dispute over his handling of Britain's membership in the European Community. The pound fell to \$1.5045 from \$1.5130.

Meanwhile, the dollar strengthened to 1.5200 Swiss francs from 1.5150 francs.

In late European trading, the dollar had risen more than a penny to 1.7190 Deutsche marks, from 1.7050 DM.

WORLD STOCK MARKETS

Table of world stock markets including Amsterdam, Helsinki, Hong Kong, Brussels, Frankfurt, Johannesburg, London, Milan, Montreal, and Toronto. Columns include stock names, prices, and changes.

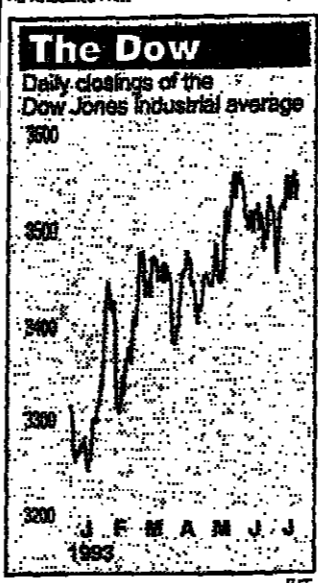


Table of NYSE Most Actives with columns for stock name, price, and change.

Table of AMEX Most Actives with columns for stock name, price, and change.

Table of NYSE Diary with columns for stock name, price, and change.

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Table of NYSE Indexes with columns for Index, High, Low, Close, and Change.

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Table of NYSE Diary with columns for stock name, price, and change.

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Table of S&P 100 Index Options with columns for Index, Price, and Change.

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Lower Rates Seen if Budget Passes
WASHINGTON (Combined Dispatches) — The White House economic adviser, Laura D'Andrea Tyson, said Friday that congressional passage of President Bill Clinton's budget plan would produce an additional "small" drop in long-term U.S. interest rates.

U.S. Vehicle Sales Up 17% in Mid-July
DETROIT (AP) — U.S. automakers said Friday that mid-July car and truck sales rose 17 percent, with only spotty reports of lost business due to the Midwest flooding.

Caterpillar Posts a \$67 Million Profit
PEORIA, Illinois (AP) — Caterpillar Inc. said Friday it had earned \$67 million in the second quarter, or 66 cents a share, as demand for construction machinery soared in the United States.

Kellogg's Earnings Decline by 13%
BATTLE CREEK, Michigan (Bloomberg) — Kellogg Co. said Friday that second-quarter earnings had declined 13 percent because of unfavorable foreign-exchange rates and a 2.7 percent drop in sales.

Shareholders Approve Marriott Split
WASHINGTON (AP) — Marriott Corp. shareholders on Friday overwhelmingly approved the company's plan to split in two, separating its worldwide empire of hotels and real estate.

For the Record
Joseph R. Perella will resign as chairman of Wasserstein Perella & Co. on Sept. 1, the Wall Street investment-banking firm said.

U.S. FUTURES

Large table of U.S. futures markets including Grains, Metals, Livestock, and Financial. Columns include Commodity, Price, and Change.

Table of Commodity Indexes with columns for Index, Price, and Change.

U.K. Grew 0.5% in 2d Quarter

LONDON — Britain's economy grew 0.5 percent in the second quarter, indicating the nation's recovery is gaining momentum, according to government figures released Friday.

Britain's gross domestic product grew at a rate of 0.3 percent in the last two quarters of 1992, and 0.4 percent in the first quarter of 1993, the government said.

It said the economy had expanded 1.5 percent since last summer. Friday's figures, which were in line with economists' predictions, followed a succession of recent statistics suggesting that Britain was set for a sustainable recovery.

Economists said that the recession had now clearly been laid to rest, and growth was almost certain to beat the Treasury's forecast of a 1.25 percent rate this year.

"We are looking for 1.7 percent growth on the year, so we need to see the same sort of figures again in the third quarter and the fourth," said Darren Winder of the brokerage S.G. Warburg.

Some economists said growth could be as high as 2 percent this year, not far behind average growth of 2.25 percent seen over the past four decades.

Other economic indicators also flashed positive signals. British car output in June reached the highest level in a single month for three years, showing that many Britons feel slightly better off and are prepared to make major purchases.

The Treasury said the figures were encouraging. (Reuters, AP)

López Case Played Down VW Cost-Cutting Is Well Under Way

FRANKFURT — The fate of Volkswagen AG's production chief, José Ignacio López de Arriortua, will not cause analysts to alter their forecasts for 1993 earnings, even though traders predict the company's share price will take a temporary dive if he were forced to resign.

The arrival of Mr. López at VW, with his price-slashing reputation, was good news for the profitable car producer, analysts said. However, extensive cost-cutting measures needed to bring Volkswagen back in the black are now largely in place and will continue, with or without him.

"One man's fate won't change the course of VW's balance sheet," said a car-industry analyst for Bank Julius Bär, Joachim Bernsdorff. "The cost-cutting program is well under way and López' departure won't stop the ball rolling."

Mr. Bernsdorff cited a recent interview in which Volkswagen's chairman, Ferdinand Piëch, said 90 percent of previously announced cost-cutting measures aimed at improving profits were now in place.

Volkswagen had a group net loss of 1.247 billion Deutsche marks (\$747 million) in the first quarter, but has said it expected to return to profit in the fourth quarter.

"The company's share price has dropped steadily over the last week because of uncertainty about the future of Mr. López at VW, amid allegations he and other former associates at General Motors Corp. took secret GM trade documents with them when they moved to Volkswagen earlier this year. On Friday, the stock closed at 345 DM, down from 360.50 DM a week ago.

Speculation that Mr. López may have to quit VW mounted Thursday after the Darmstadt prosecutor's office announced it was widening investigation into the affair.

The office said documents found in a Wiesbaden apartment rented by two of his colleagues were "said to have been prepared and translated into German in the explicit request" of Mr. López.

the rate at which car suppliers implemented cost cuts and how sales develop over the next few months.

"Such things are largely out of López' hands," the analyst said.

He added that, regardless of the presence of Mr. López at Volkswagen, he had not expected the group to return to profit this year. "VW will need more than three months to turn around in, and even López is no magician," he said.

The Morgan Stanley analyst said many people had "unreasonably high hopes" of what Mr. López would achieve at Volkswagen when he arrived at the company in March.

An analyst for James Capel, Bob Barber, agreed that Volkswagen's widely publicized hiring of Mr. López held "more mystique than reality."

Mr. Moore of Morgan Stanley said that even if Mr. López managed to weather the storm of current allegations, "it remains to be seen whether Volkswagen can really accommodate this charismatic Spaniard with a totally different mentality to Germans, and whether López can change the working culture of Volkswagen's 270,000 workers."

Stock-market traders also speculated that Volkswagen's earnings this year would be hampered by exorbitantly high legal fees and fines should Mr. López be found guilty of withholding documents and betraying company secrets.

However, Mr. Moore said those costs would be "just a drop in the ocean" for a company of Volkswagen's size.

Mr. Moore said he was keeping his earnings forecasts for Volkswagen unchanged, with the group net loss seen at about 1.5 billion DM and the loss per share at 46 DM.

Volkswagen had a net profit last year of 147 million DM.

Mr. Bernsdorff said he expected VW to post an operating loss this year, regardless of the fate of Mr. López. He said Volkswagen would only be able to make a profit this year if the company dipped into reserves built up from previous years.

INTERNATIONAL STOCKS

At VIAG's annual shareholder meeting earlier this month, Mr. Pfeiffer had already announced VIAG's headquarters would be moved to Munich from Bonn if the merger went through as expected. Bayerwerk's seat is already in Munich.

Under the agreement, the Bavarian government will sell its 58.3 percent stake in Bayerwerk in return for a 25.1 percent stake in VIAG and compensation in cash of at least 1 billion Deutsche marks (\$585 million).

The enlarged VIAG group will have annual sales of some 40 billion DM and employ some 100,000 people. So far, VIAG has been linked to Bayerwerk through a minority stake of 39 percent, while Bayerwerk in turn holds 25 percent of VIAG.

In 1992, VIAG made group net profit of 570 million DM on sales of 34.3 billion DM. Bayerwerk reported net profit of 503.4 million DM in the financial year ended Sept. 30, 1992 on sales of 6.6 billion.

Mr. Stoiber said the agreement opened new economic horizons for the region and counterbalanced the north's large conglomerates.

Germany's VIAG And Bayernwerk Set Munich Merger

MUNICH — VIAG AG, an industrial conglomerate, and the electricity supplier Bayernwerk AG will merge and set up their headquarters here, the Bavarian government said Friday.

The Bavarian premier, Edmund Stoiber, reached a merger agreement with the VIAG chief executive, Alfred Pfeiffer, the supervisory board chairman, Jochen Holzer, and the Bayernwerk chief executive, Otto Majewski, according to an official statement.

At VIAG's annual shareholder meeting earlier this month, Mr. Pfeiffer had already announced VIAG's headquarters would be moved to Munich from Bonn if the merger went through as expected. Bayerwerk's seat is already in Munich.

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Investor's Europe			
Exchange	Index	Friday Close	Prev. Close
Frankfurt DAX	2,225.20	2,225.20	+0.34
London FTSE 100 Index	2,827.70	2,827.70	+0.27
Paris CAC 40	2,226.30	2,226.30	+0.37
Amsterdam CDS Trend	118.00	117.80	-0.20
Brussels Stock Index	6,717.72	6,723.10	+0.17
Frankfurt DAX	1,630.83	1,623.52	+0.40
Frankfurt FAZ	709.18	707.24	+0.27
Frankfurt HEX	1,225.20	1,240.68	-1.25
London Financial Times 30	2,224.60	2,226.30	+0.37
London FTSE 100	2,827.70	2,820.10	+0.27
Munich General Index	266.16	257.14	+1.18
Munich MIB	1,213.00	1,218.00	-0.41
Paris CAC 40	1,985.04	1,965.72	+1.49
Stockholm Allshareindex	1,428.70	1,417.94	+0.76
Vienna Stock Index	407.07	403.53	+0.88
Zurich SSS	668.00	607.00	+0.12

French Deal on Jobs Fund

PARIS — The government, employers and trade unions agreed Friday on measures to save France's financially troubled unemployment-insurance system. Labor Minister Michel Giraud said. He said the system, managed jointly by unions and employers, had been facing bankruptcy because of record unemployment of 3.14 million, 11.5 percent of the work force, and a corresponding reduction in the number of contributors.

Under the accord, employer unemployment-insurance payments will rise by 0.55 percent from Aug. 1, workers will pay 0.35 percent more, the government will pay 10 billion francs (\$1.7 billion) a year toward meeting the system's deficit and the fund will make savings of 4.62 billion francs a year.

The package should raise an extra 20 billion francs a year for the system, known as Unedic.

French consumer prices fell by 0.1 percent in June from the figure in May, taking the increase so far this year to 1.4 percent.

Hammerson Property Investment & Development Corp. sold its Woolgate House property in London's financial center to Scottish Amicable for £87 million (\$131 million).

Trafalgar House PLC sold its London Square property in Guildford, England, for £36.1 million (\$55 million) to private clients of Citibank.

The Dutch first-quarter trade surplus was 6 billion guilders (\$330 million).

Nozal, a unit of Usinor-Sacilor, and the Arbed SA unit Hardy-Torunax are to form a European steel-distribution venture.

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GRID: France Raises Interest Rates as Europe's Currency Turmoil Spreads

Continued from Page 1
thus make it easier for the franc to keep up with the mark.

Thursday's meeting of Bundesbank policymakers is the last before their monthlong summer recess, and French bankers consider it unthinkable that the German discount rate could be left unchanged for the next month.

The discount rate, currently at 6.75 percent, is the floor level of German rates. The money-market rate is currently at 7.15 percent, a mere four-tenths of a percentage point above that floor, which will leave little room for interest rates to drift lower over the next month if the discount rate is left unchanged.

French bankers say the pressure in the foreign-exchange market will become intolerable if the German discount rate is not cut. But there is considerable doubt that a half-point cut would be enough to calm the market.

"That won't really resolve the problem," said Neil MacKinnon at Citibank in London. "German rates need to fall substantially below French levels to give the French room to maneuver their own rates lower."

Finance Minister Edmond Alphandery of France said Friday that the government would step up pressure on speculators against the franc—primarily investors and currency traders who are betting the franc will have to be devalued—without raising key interest rates.

In Belgium, meanwhile, the central bank raised its lowest interest rate, called the central rate, to 7.15 percent from 6.70 percent and its ceiling rate to 10 percent from 8.5 percent.

The central bank also said it was prepared to allow the Belgian franc to fluctuate in a wider band around its parity with the mark.

In the European Monetary System, core currencies—including the mark, the French franc and the Belgian franc—are allowed to fluctuate in value against one another by 2.25 percent either side of a central rate.

The mark ended European trading Friday at 20.69 Belgian francs, up from 20.65 francs Thursday. Its central rate is 20.6355 Belgian francs.

Other European currencies, notably the Danish krone, Spanish peseta and Portuguese escudo, also were weaker Friday.

The krona continued to weaken despite the Danish National Bank's decision to raise its rate on certificates of deposit to 11 percent from 9 percent, after a similar rise Thursday in its money-market rate. The mark ended at 3.8942 kroner, up from 3.8825 kroner and edging closer to its maximum permitted level, in the current EMS alignment, of 3.9016 kroner.

The three-year accord commits Egypt to further trade liberalization and selling-off of state enterprises, banking reforms and control of its budget deficit.

Mr. Shaalan said the IMF delegation took into account the decline in foreign-currency income in the tourism industry, which has been hurt by a wave of militant Muslim attacks.

The new program would write off 15 percent of Egypt's \$25 billion debt to the Paris Club, worth between \$3 and \$4 billion. A first tranche of 15 percent was forgiven when Egypt signed a free-market economic program with the IMF and the World Bank in 1991.

Mr. Shaalan said Egypt would become eligible for the last 20 percent in 1994 after a review by the IMF.

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Egypt and IMF Reach New Accord

CAIRO — Egypt and the International Monetary Fund have agreed in principle on economic reform that would win Cairo more than \$3 billion of Western debt forgiveness, officials said Friday.

Abdel-Shakour Shaalan, representing Egypt on the IMF executive board, said the agreement needed approval by the IMF managing director and would be submitted to the fund's executive board on Sept. 17.

The three-year accord commits Egypt to further trade liberalization and selling-off of state enterprises, banking reforms and control of its budget deficit.

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NASDAQ

Friday's Prices
NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month High	Low	Stock	Div	Yld	PE	52 Wk High	52 Wk Low	Latest Price
100	80	IBM	3.00	3.75	13	100	80	100
120	100	Microsoft	0.00	0.00	15	120	100	120
150	130	Oracle	0.00	0.00	18	150	130	150
180	160	Sun	0.00	0.00	20	180	160	180
200	180	HP	0.00	0.00	22	200	180	200
250	230	Intel	0.00	0.00	25	250	230	250
300	280	Motorola	0.00	0.00	28	300	280	300
350	330	Texas Instruments	0.00	0.00	30	350	330	350
400	380	Advanced Micro Devices	0.00	0.00	32	400	380	400
450	430	AMD	0.00	0.00	35	450	430	450
500	480	ATI	0.00	0.00	38	500	480	500
550	530	SGS-Thomson	0.00	0.00	40	550	530	550
600	580	SGS	0.00	0.00	42	600	580	600
650	630	SGS-Thomson	0.00	0.00	45	650	630	650
700	680	SGS	0.00	0.00	48	700	680	700
750	730	SGS-Thomson	0.00	0.00	50	750	730	750
800	780	SGS	0.00	0.00	52	800	780	800
850	830	SGS-Thomson	0.00	0.00	55	850	830	850
900	880	SGS	0.00	0.00	58	900	880	900
950	930	SGS-Thomson	0.00	0.00	60	950	930	950
1000	980	SGS	0.00	0.00	62	1000	980	1000

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Nestlé Sales Up 4% in 6 Months

ZURICH — Nestlé SA reported Friday sales of 27.5 billion Swiss francs (\$18.1 billion) for the first half of this year, an increase of 4.5 percent over the like 1992 period.

The largest foodstuffs producer in the world expects only a satisfactory consolidated net profit for 1993. Sales volume grew by only 1 percent, not taking into account acquisitions and divestments.

Nestlé said it was pleased with progress in Asia.

Very briefly: French consumer prices fell by 0.1 percent in June from the figure in May, taking the increase so far this year to 1.4 percent.

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Japan Bank Sees Slow Recovery

Compiled by Our Staff From Dispatches

TOKYO — Japan's economic slowdown was seen to be moving toward a recovery in the second half of the fiscal year ending next March, but the Bank of Japan said in its quarterly outlook on Friday that uncertainty remained.

The central bank expressed concern about the adverse effect of a high yen on corporate profits. "Its negative impact on business confidence is large," the bank said.

The strong yen could damage corporate profits, although it would have only a limited effect in cutting the value of Japanese exports for the time being, the bank said.

Meanwhile, the Japan Automobile Manufacturers Association said 1993 vehicle production may fall to levels last seen a decade ago.

Production in the first six months of 1993 was down 7.2 percent from the same period a year earlier, to 5.88 million, the third straight decline for the period. The drop was the second only to the 9.4 percent fall of the first half of 1974.

On Friday, the central bank bought dollars in the currency market in an attempt to halt further yen appreciation.

The central bank's report said that in the long term, the current account surplus would stop expanding as economic recovery increased imports.

Japanese interest rates remained at extremely low levels.

The 1.4 percent increase in June money supply was mainly due to fiscal spending, a bank official said.

The figures would have been negative, said Tetsuo Tsukimura, an economist at Smith Barney, were it not for fiscal spending. A real recovery in money supply depends on increased bank lending to corporations, he added.

Japan's Fare Deals at Risk

Curbs Planned on Cheap Air Tickets

Bloomberg Business News

TOKYO — In Japan, the consumer has always been last in the minds of bureaucrats, who are dedicated to protecting and promoting business.

In the interest of protecting Japanese airlines, the Transport Ministry is threatening to crack down on discount travel agencies that cut as much as 80 percent off regulated prices.

"That would hurt," said Michael Marks, a manager at World Air Plan, a discount agency. "If everyone's paying the same, there's no reason to advertise. There's no reason to have thousands of travel agencies."

The ministry sets prices for air tickets bought by individuals but allows discounts on seats bought in a block for package tours. For years, travel agents have bought blocks of seats, then sold them individually at reduced prices.

It started as a way for foreigners to buy tickets at prices approaching what they were used to at home. Soon seasoned Japanese tourists picked up on the idea, and now discount agencies do a booming business.

The danger of steep discounts, says the ministry, is that "they create a distrust" of the regulated fares.

Discount sales tend to favor U.S. carriers. Their cost-cutting efforts after years of deregulation in the United States have made them leaner and able to offer lower prices. Agencies that sell discount tickets use U.S. or Asian airlines that offer cheaper group travel fares than Japanese airlines.

Japanese airlines "tried to offer perfect service, but it all boils down to money," Mr. Marks said. "They're just angry that foreign carriers are taking away the market."

While the proposed measures are sure to blunt the competitive edge of U.S. airlines, there has been little protest. American carriers stand to benefit from higher revenue if prices are set artificially high.

The demand for cheap tickets shows no signs of stopping. Japan Travel Bureau, the country's largest travel agency with 32 percent of sales from overseas tours, began selling them last year.

Some of the discount agencies are not worried. As long as there is a demand for cheap tickets, there will be a market, said Raj Katori, a manager at Number One Travel, which is owned by Japan's largest discount chain, HIS Travel.

"We'd like to offer lower fares but can't," said Masao Shibuya, director of commercial relations at All Nippon Airways, Japan's second-largest carrier. "The fares should cover the costs that the airlines spend."

ANA and Japan's No. 1 carrier, Japan Air Lines, support the proposal. "I don't think it's fair to have passengers who paid the normal fare sitting next to people who got deep discounts," said ANA's Mr. Shibuya.

Discount sales tend to favor U.S. carriers. Their cost-cutting efforts after years of deregulation in the United States have made them leaner and able to offer lower prices.

Workers Ratify Wage Accord at Hyundai Motor

Compiled by Our Staff From Dispatches

SEOUL — A labor dispute that had disrupted Hyundai Motor Co., South Korea's largest automaker, for more than a month ended Friday when workers narrowly approved a new wage contract.

The approval, although it was by only 50.1 percent of the 28,306 votes cast, defused the first major labor crisis for President Kim Young Sam's government. It was also expected to have a calming effect on disputes at six other Hyundai Group companies involving more than 40,000 workers.

All the companies involved, including Hyundai Heavy Industries Co., which runs the world's largest shipyard, are in Ulsan, 320 kilometers (200 miles) southeast of Seoul.

About 10,000 riot police armed with tear gas were deployed around the companies Friday during the voting at Hyundai Motor. Government officials said they were there to deter violence.

Hyundai's management welcomed the approval and promised to work to heal any scars caused.

"We are sorry for the trouble caused by the dispute," said the company president, Chon Sung Wod.

"We accept the results," a union executive who insisted on anonymity said in a telephone interview. He added, "In a certain sense, it may be fortunate that the situation was brought to an end forcefully."

He was referring to the emergency powers that the government had invoked this week to deal with the Hyundai crisis. Its action, authorized in a law passed in 1963 that had never been used, compelled the auto plant's union and management to suspend their dispute for 20 days and seek a solution.

The confrontation was the first labor test for Mr. Kim's civilian government. Mr. Kim, a former dissident, has supported freer union activity since taking office in February. His government said it had been forced to crack down because of South Korea's sluggish economy. By government estimates, the 36 days of strikes and other work stoppages at the Hyundai auto plant cost \$1.6 billion in lost production and exports.

Auto exports are one of the key factors in the recovery of South Korea's economy, which grew 3.3 percent in the first three months of this year, one of the lowest growth rates in 10 years.

The new agreement calls for a 4.7 percent pay increase plus improvements in housing and other benefits. The union had sought a 16.5 percent pay raise plus a larger role in management and hiring.

Hyundai said an average autoworker with six years' experience makes about \$1.625 a month.

"We expect that the situation will calm down as a result of Friday's vote," a Hyundai spokesman said.

But 18,000 workers at Hyundai Heavy Industries Co., the world's largest shipyard, said they would continue their strike Saturday for the second consecutive day, according to union leaders.

Hyundai, one of South Korea's largest conglomerates, has companies involved in construction, shipbuilding, electronics, automobile production, trading and finance.

(AP, Bloomberg)

Investor's Asia			
Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225	
8000	2000	22000	
7000	1800	20000	
6000	1600	18000	
5000	1400	16000	
1993	1993	1993	
Exchange Index	Friday Close	Prev. Close	% Change
Hong Kong Hang Seng	6,788.33	6,760.02	+0.14
Singapore Straits Times	1,828.08	1,818.41	+0.26
Sydney All Ordinaries	1,806.90	1,802.60	+0.28
Tokyo Nikkei 225	18,734.80	20,115.81	-1.80
Kuala Lumpur Composite	757.65	758.76	-0.28
Bangkok SET	894.07	897.44	-0.38
Seoul Composite Stock	741.81	745.54	-0.63
Taipei Weighted Price	4,027.58	3,982.15	+2.43
Manila Composite	1,715.79	1,708.65	+0.53
Jakarta Stock Index	355.43	355.20	+0.06
New Zealand NZSE-40	1,723.48	1,732.95	-0.56
Bombay National Index	Closed	1,013.70	

Very briefly:

- Hong Kong said it had agreed in principle to sell Overseas Trust Bank to the investment company Guoco Group. A government spokesman was quoted as saying Guoco had agreed to pay 420 million Hong Kong dollars (\$53.8 million) above the group's adjusted net asset value.
- Siemens Telecommunications of Italy, a unit of Siemens AG, has signed a \$10 million technology-transfer deal with China for the production of low- and medium-capacity digital radio equipment.
- Petrovietnam, the state oil company, and Anzoli (Asia) Pte., a subsidiary of Australia's Anzoli NL, have signed Vietnam's first contract for onshore oil and gas exploration.
- Vietnam's economy will grow by at least 8 percent a year over the next two years, the state-owned Vietnam News reported. Separately, the country's new interbank market in dong made its first trades.
- Hitachi Ltd. and Fujitsu Ltd. plan to keep 24-hour chip production lines working throughout the summer holiday season, cutting holidays short to boost production. An NEC Corp. spokesman said the chipmaker's factory holidays would be cut by two or three days due to strong demand.

Taipei Raises Investor Limits

Compiled by Our Staff From Dispatches

TAIPEI — Taiwan will ease restrictions on foreign investment in its stock market, doubling the limit for investment and easing checks on capital flows, the Securities and Exchange Commission said Friday.

SEC Chairman Day Limin said the central bank and Finance Ministry had agreed to the new rules, which take effect Aug. 1, to speed the internationalization of Taiwan's financial markets.

The limit on total foreign investment in the stock market will be raised to \$5 billion from \$2.5 billion, and the maximum investment by an individual company will be increased to \$100 million from \$50 million.

More than 40 foreign banks, insurance companies and fund managers have applied to invest a total of \$2.36 billion since Taiwan opened its market to direct investment by foreign institutions in early 1991. They have obtained approval to invest \$1.87 billion and have actually brought \$1.36 billion into Taiwan.

Subject to approval by parliament, the SEC will also allow foreign investors to send capital gains back to their home countries freely after an initial three-month period, instead of only once every year.

CHINA: Capitalist Tools, Communist Techniques, Lots of Angry People

Continued from Page 1

which is forcing them to pay with IOUs. Any tightening of the money supply could also mean that rural offices will run out of cash to pay for the grain they buy from farmers.

In strictly economic terms, China's difficulties are short-term and reflect the boom-bust cycle that has marked growth for a dozen years. Many foreign and domestic economists are still enormously optimistic about the country's long-term prospects.

Deputy Prime Minister Zhu Rongji has been put in charge of the clampdown, and the leadership is circulating a secret 16-point plan to cool the economic pace.

Three years ago, a similar clampdown also caused resentment, but the workers remained silent, remembering all too well the outcome of the 1989 Tiananmen democracy movement. These days people are far less afraid of the government. Rising anger and a diminishing fear could be a volatile combination.

In the government's nightmare scenario, the clampdown would take hold in the coming months and stir growing unrest — and just at that moment Deng Xiaoping, the frail senior leader who turns 89 in August, would die.

As economic problems go, China's are not so bad. The worry is not that growth has stalled but that it is running out of control. In economies as in cars, most people prefer one with a sticky accelerator to one that will not start, but the resulting ride can be pretty hair-raising.

The forced purchases of bonds was one of the first of the 16 points to be carried out and one of the most infuriating. Most workers were docked the equivalent of \$20 to \$100 in June, representing as much as a month's wage.

This marriage of capitalist instruments and communist methods reflects China's difficulties in making the transition to a market economy.

Two years ago the government announced that it would stop requiring people to buy bonds and that it would adjust interest rates and rely on voluntary purchases, as other countries do. That worked fine as long as inflation was low and interest rates were high.

This year, however, with three-year bonds paying only 14 percent annually, voluntary purchasers were lagging at the May 1 deadline. The process went much more rapidly with compulsion. A few days ago, the authorities cheerfully announced that they had met the target of selling \$5.2 billion in bonds.

"Nobody wants the bonds," said a manual laborer in his late 20s. "In the last couple of years, they paid a high interest rate, and so the leaders bought all the bonds for themselves, but now they hardly pay anything, and the leaders don't want them. So we have to buy them."

Mr. Zhu, the new economic czar, faces enormous opportunities and risks. If he manages a soft landing, he may be rewarded with the job of prime minister, the post now held by Li Peng, who had a heart attack in April. If Mr. Zhu is less than successful in cooling the economy, he could make a convenient scapegoat.

"Zhu Rongji is in a very dangerous position now," said a senior economic official who is rooting for him to succeed. "He's like a man trying to stop a horse cart that is running out of control down a hill. He could just get run over."

On one hand, he must discipline local leaders and curb inflation.

On the other, if the government tightens monetary growth and investment too much, unemployment will rise.

COMPANY RESULTS

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.	Bankers Trust NY	Dow Chemical	Martin Marietta	Melville	Phelps Dodge
2nd Qtr. 1993	Revenue: 2,171.1	Revenue: 1,171.1	Revenue: 1,171.1	Revenue: 1,171.1	Revenue: 1,171.1
1st Half 1993	Revenue: 4,342.2	Revenue: 2,342.2	Revenue: 2,342.2	Revenue: 2,342.2	Revenue: 2,342.2
1st Half 1992	Revenue: 4,342.2	Revenue: 2,342.2	Revenue: 2,342.2	Revenue: 2,342.2	Revenue: 2,342.2
Per Share	4.73	4.73	4.73	4.73	4.73
2nd Qtr. 1992	Revenue: 2,171.1	Revenue: 1,171.1	Revenue: 1,171.1	Revenue: 1,171.1	Revenue: 1,171.1
1st Half 1992	Revenue: 4,342.2	Revenue: 2,342.2	Revenue: 2,342.2	Revenue: 2,342.2	Revenue: 2,342.2
1st Half 1991	Revenue: 4,342.2	Revenue: 2,342.2	Revenue: 2,342.2	Revenue: 2,342.2	Revenue: 2,342.2
Per Share	4.73	4.73	4.73	4.73	4.73

AMEX			
12 Month High/Low Stock	Div	Yld PE	52 High/Low/Last Crs
3M	1.00	1.00	1.00
6M	1.00	1.00	1.00
9M	1.00	1.00	1.00
12M	1.00	1.00	1.00

12 Month High/Low Stock	Div	Yld PE	52 High/Low/Last Crs
3M	1.00	1.00	1.00
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9M	1.00	1.00	1.00
12M	1.00	1.00	1.00

THE MONEY REPORT

FIRST COLUMN

For August, Boring Isn't The Word

THE golden boys are going on vacation. For the rest of us the message is clear: Play sports, or at least watch a few games on television; don't bother about organizing your finances or playing the markets; stay home and vegetate.

The annual August message (it's the month when nothing happens, and that's official) is clear enough, but wrong. Take the last three years. In 1990, Iraqi tanks rolled into Kuwait. Japanese shares, which had been in sharp decline since the beginning of the year, rose. In 1991, Iraqi tanks rolled into Kuwait. Japanese shares, which had been in sharp decline since the beginning of the year, rose. In 1992, the market was hit by the loss of EC customs clearance activities. Fierce competition from new entrants could restrict profits for the next few years.

"Liberalization will boost volume," said Mark McVicker, transport analyst at County NatWest Securities in London. "Short term, the implications are negative because more volume means more competition and lower rates. Longer term, we will end up with about a dozen international companies. These will do very well."

Picking these companies is made difficult by the varied interests of many transport groups. A few companies, including Frans Maas of the Netherlands and Danzas of Switzerland, focus almost entirely on road haulage. Others, such as Nedlloyd, based in Rotterdam, and Bildspedition, of Göteborg, Sweden, also have shipping and air transport operations.

Strong European networks count for a lot. Transport analysts praise the cooperation agreement six months ago between Danzas and ASG of Sweden as a sign of a trend to pan-European marketing deals. Other links have failed to live up to this promise, however. Nedlloyd's acquisition of Unitrans in Germany has been difficult for the company to absorb, analysts said.

Shares in many of these companies are worth

European Transport Firms Look Strong in Long Haul But Watch Out for Some EC Bumps

By Aline Sullivan

EUROPEAN transport companies face a bumpy road over the next few years as liberalization of their market takes effect. But the consensus among analysts is that the sector offers some attractive prospects for long-term investors.

After months of wrangling, European Community transport ministers last month set 1998 as the deadline for complete freedom of services in road haulage. The freedom of transport companies to ply for hire outside their domestic markets is known in the trade as cabotage. Current restrictions on cabotage, sanctioned by the Community, have created a hugely wasteful system in which up to a quarter of road mileage is made with empty cargo holds.

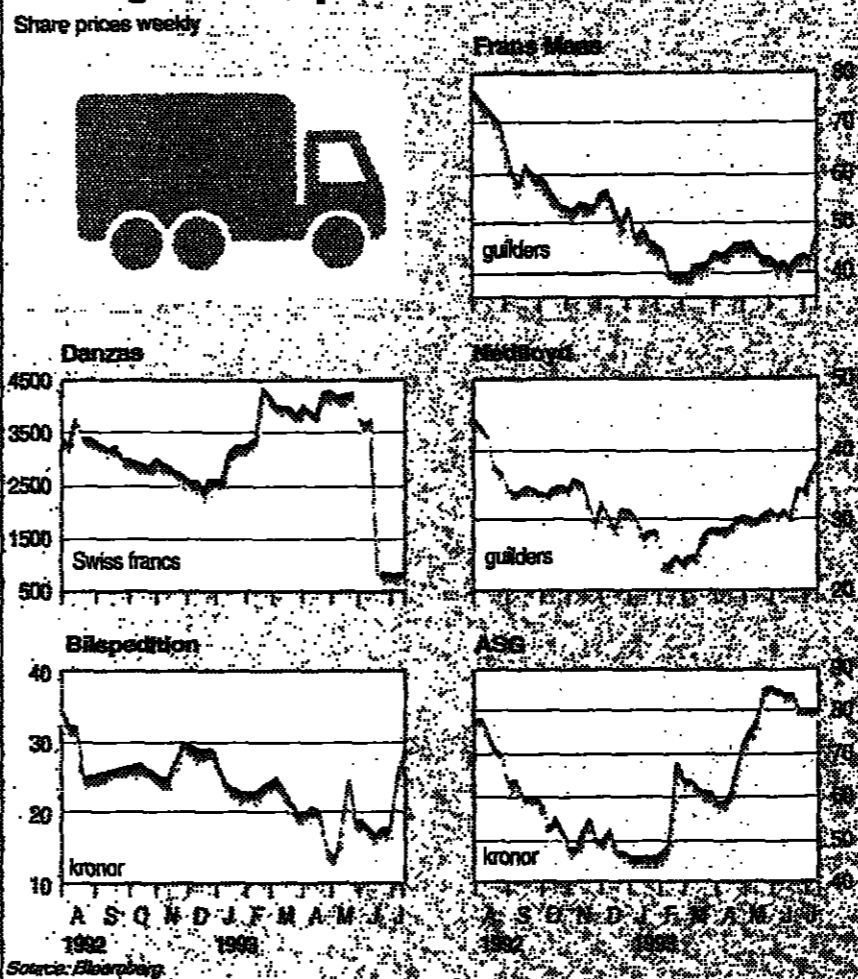
Under the new deal, transport companies will have increased access to domestic haulage in all EC countries until the market is entirely opened in 1998. The extension of cabotage will boost the earnings of companies with well-established European networks, analysts said.

Investors must be prepared to wait, however. Many of the big companies have already been hit this year by the loss Jan. 1 of their EC customs clearance activities. Fierce competition from new entrants could restrict profits for the next few years.

"Danzas is already seeing more competition from smaller companies," said Mr. Sjoestrom. "These companies won't be any good on transport from Sicily to Norway, but they are certainly competitive on a regional basis. In the longer term, Danzas will benefit from its link with ASG and its restructuring." He is advising clients to avoid Danzas shares this year but to reconsider early next year.

Small, mostly family-owned companies are attracted to the idea of international haulage because of the moves toward liberalization and the trend among industrial companies to replace national offices with single European headquarters. This move to centralized production will boost cargo volumes, analysts said. Longer term, however, the small competitors will be restricted by their lack of European networks.

Betting on the Open Road



"Smaller companies will have difficulty competing in this market," said Stefan Guter, head of Nordic equities at Carnegie International in London. "The big Swedish companies, Bildspedition and ASG, have been working to find European partners because it is clear that companies with large operations will really benefit from liberalization."

The stakes are high. About two-thirds of EC freight transport takes place on the roads, and the growing integration of Europe's economies is expected to boost traffic still further. But, for now, there seems to be little hope for the small road haulage operators: The analysts are instead pinning their faith on the juggernauts.

A Fair Wind For Insurers In Europe Even U.S. Floods Fail to Frighten

By Rupert Bruce

EVEN the flooding Mississippi River has failed to break the stride of climbing European insurance stocks. In recent years, they have been battered by such catastrophes as the hurricanes Andrew and Iniki in the United States and the City of London bombings, but in 1993 they have had a fair wind behind them.

Michael Hantner, European insurance analyst at BZW, said he believed European insurers were unlikely to face many claims from the Mississippi flooding because most of the damage would be paid for by the federal government. "Of course, there will be some claims because cars will be washed away and businesses will have to stop work," he said. "But we are halfway through the year and we have not had a major disaster yet. We are pretty lucky, I think."

The taming insurance cycle and falling interest rates have had a double-whammy effect on the sector, and its shares have been among the strongest performers on European stock exchanges and bourses.

And for those with a life insurance arm there is an added filip. As many governments publicize deficit bills and the number of retired people versus workers swells, it is becoming obvious that state pensions must become increasingly meager. Some analysts argue that, as a result, people will have to fend for themselves, which should lead to a slow but growing tide of pensions business for the life insurers.

A sample of stocks illustrates the strength of the market. Over the first half of the year, AXA of France has risen about 35 percent in local currency terms, Allianz of Germany 15 percent, Allianz (Ordinary) of Italy 40 percent, ING of the Netherlands 20 percent, and Zurich Insurance (Registered) of Switzerland 30 percent.

But given the strength of the market, surely all the good news is discounted. So why are some commentators still bullish?

Simon Rudolph, continental European insurance analyst at Morgan Stanley, said: "Firstly, it's Hobson's choice. You have got a worsening economic situation in continental Europe. You have got recession deepening. All that is not particularly favorable for industrial companies. In contrast, the outlook for earnings for insurance companies is positive for 1993."

He added: "You have also got an improvement in reinsurance and commercial insurance rates. Although with things like life insurance earnings will be hit by the recession, more and more people will be aware that they have to provide for themselves."

"On the macro side, insurance stocks perform well in times of lowering interest rates. A simplistic explanation of this is that interest rates go down and bond prices go up and insurance companies are stuffed to the gills with bonds."

Rates are hardening because the nonlife insurance cycle is turning. In a typical cycle, insurers expand when they are making good profits and, consequently, underwriting capacity and competition slacken, and rates start to harden once more. The cycle appears to have turned full circle.

Whether falling interest rates are a benefit is a moot point. The theory is that the bonds nonlife insurers invest in increase in value as interest rates fall, and so insurers make capital gains. But the corollary of this is that any new bond investments will have a lower return in terms of income yield. Still, nonlife insurance stocks have traditionally risen when rates have fallen.

For pure life insurers or those with a significant life insurance business, the benefits from falling interest rates are clearer. Lower rates mean savers take cash off deposit and invest it in longer-term savings, such as life insurance products.

With all this in mind, Morgan Stanley is recommending: Aegon of the Netherlands for its U.S. life insurance business, Allianz for its rapid new business growth, Generali of Italy for the benefits it should get from higher premiums, ING because it has a cheap valuation, Munich Reinsurance of Germany for the rate increases, and Zurich Insurance for its specialized nonlife business.

But not all financial forecasters agree. Some think the market may have already discounted the improvement in the nonlife insurance cycle. Mr. Hantner of BZW said: "The trouble with the nonlife story about rates going up is it is always difficult to tell when it is in the price. Because they might be going up now, but down in two years time."

He prefers to buy nonlife insurers that have got their fingers burned when they diversified, but are now returning to their core business.

"I think the general trend is one of consolidation, and so whereas in the past until the beginning of the '90s insurers were all expanding and they lost a lot of money, now they are focusing back on their core businesses and maybe those earnings will come through to the bottom line," he said.

In particular, he favors Scandinavian insurers. In the early '90s, many of these offered exceptionally low premiums and also took over others in a better-sheltered risk to expand. The result has been some spectacular corporate disasters — with some companies going bust and others shrinking dramatically — and now the survivors are getting back to basics.

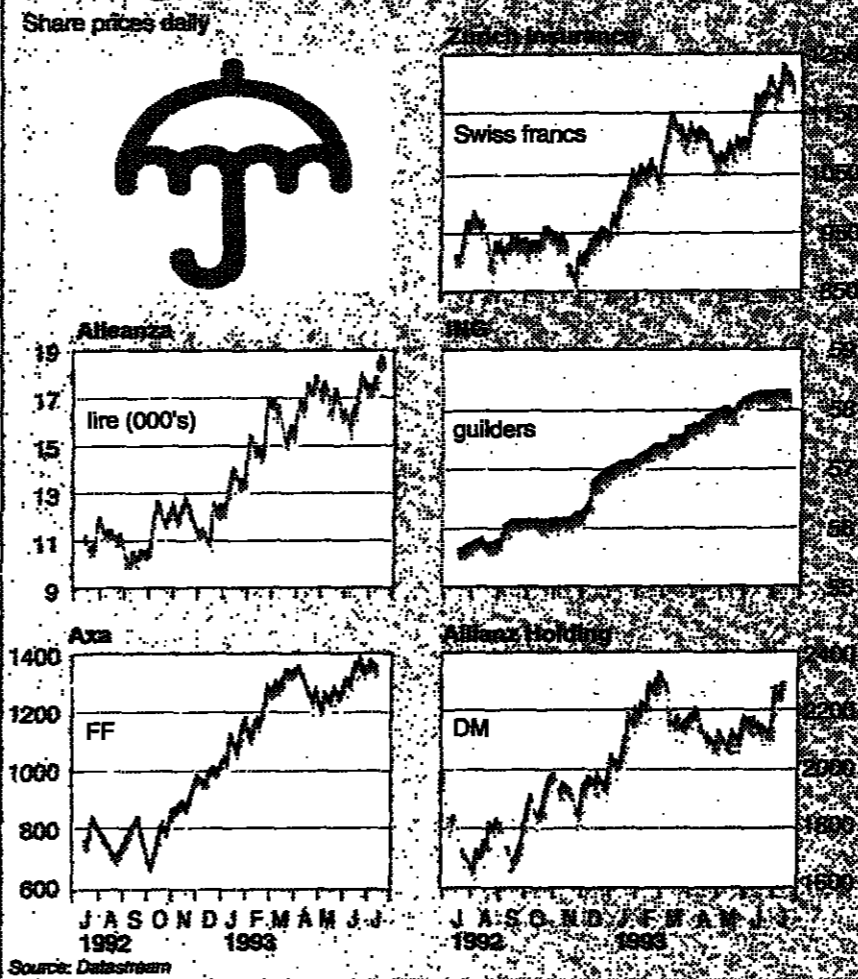
Mr. Hantner also forecasts a fair wind for life insurers, whose customers are often bound to them by fiscal regimes that penalize early withdrawals from policies.

Consequently, BZW is recommending Skandia, the Swedish insurer, which is the sole remaining Scandinavian insurer of any size.

"It has lost an amazing amount of money in the past," Mr. Hantner said. "Our bet is that: First, it will stop losing money on reinsurance and international business by restructuring; and, second, it will improve its domestic margins in Sweden, Norway, and Denmark."

Among life insurers, BZW is recommending Allianz, Vital in Norway, and Volksfürsorge in Germany.

Fending for Themselves



And the Beauty Business? A Homely Gamble at Best But P&G Looks Like a Long-Term Ray of Hope

By Kate Bales

BEAUTY is bad for you. That is the financial message coming from such industry observers as Brenda Lee Landry, a cosmetics analyst for Morgan Stanley in New York: "Beauty stocks are generally a bad investment. The major businesses have diversified too far for any one product, or even a group of products, no matter how exceptional, to have any real effect on the stock."

So does diversification equal financial dispersion? By way of example, take the world's leading company in beauty sales. Back in 1907, L'Oréal revolutionized the world of beauty by introducing the world's first synthetic hair tint. Today L'Oréal is the parent of Lancôme, Helena Rubinstein, Vichy, Biotherm, Laboratories Garnier, Cacharel, and Guy Laroche, Ralph Lauren, Giorgio Armani, Lavin and Filomena Picasso perfumes.

All together, L'Oréal owns over 35 trademarks with individual product lines and marketing requirements. Its buy-'em-up strategy is no longer the house exception, but the beauty business rule.

Elizabeth Arden and Clavin Klein are now owned, along with a dozen other beauty subsidiaries, by Unilever Group. Elf Aquitaine, the French oil company, owns 62 percent of Sanofi SA, which now owns a dozen perfume brands, ranging from Nina Ricci to Van Cleef and Arpels. In 1991, Procter & Gamble — already parent to a variety of brands, including Oil of Olay and Cover Girl, spent over \$1 billion to buy Max Factor and Betrix from Revlon.

While one great, or one awful, product is unlikely to affect any of the above-listed companies stocks, Ms. Landry claims that of all of the firms in the sector, Procter & Gamble could potentially offer a solid long-term investment, based on the company's overall track record.

Another New York analyst put it this way: "I wouldn't advise anyone to invest in any of these companies. Too much competition, and not enough real diversity in the actual quality of the product lines."

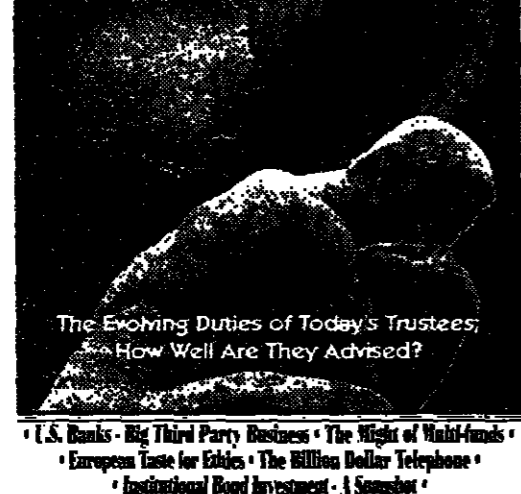
What is probably the most surprising news in the beauty world is that many observers believe that the products are actually reaching a point where they truly make a difference in preventing wrinkles and the aging process. While this is excellent news for the consumer, it actually has the potential of creating a financial crisis for the beauty industry.

The Federal Food and Drug Administration, which also oversees the cosmetic industry, has begun insisting that makeup companies either adhere to expensive and rigorous testing to support their anti-aging claims and accordingly list their products not as cosmetics but as drugs, or change their promotional claims. For investors seeking something other than soft skin, they would be well advised to shop elsewhere.

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Volume 8, Number 3
A Quarterly Publication

The Burden of Trust



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SPORTS BASEBALL

Olerud, Spurning Walk, Smashes a Game-Winner

The Associated Press

From the little leagues to the big leagues, batters are told that a walk is as good as a hit. Unless, that is, the hitter is John Olerud.

Instead of taking a walk, Olerud swung at what would have been ball four and hit a home run in the ninth inning Thursday night that gave the visiting Toronto Blue Jays an 8-7 victory over the Texas Rangers.

Joe Carter doubled twice and drove in four runs for the Blue Jays, who ended their six-game losing streak against the Rangers and raised their lead in the American League East to one game over Boston.

Olerud homered on a full-count pitch from Kris Carpenter leading off the ninth. His 19th homer of the season also raised his batting average to an even .400.

No major leaguer has been batting .400 this late in the season since George Brett reached the mark on Aug. 17, 1980.

"There's no pressure on me to hit .400," Olerud said. "It wasn't a goal I set out to do at the beginning of the year."

Olerud doubled in a run in the first, and then the Rangers decided to pitch around him. They walked him in his next three at-bats, twice intentionally.

"He's hitting .400 for a reason," said the Rangers' manager, Kevin Kennedy. "That's why we intentionally walked him."

But in the ninth, Olerud swung at a high slider and drove it over the right-field fence.

"I don't know that that was a good pitch to swing at," said the Blue Jays' manager, Cito Gaston. Juan Gonzalez hit his 27th home run for the Rangers to remain tied with Barry Bonds of the National League's San Francisco Giants for the major league lead.

Red Sox 9, Athletics 7: Boston won its seventh straight, breaking a tie in the eighth inning after second baseman Brent Gates made visiting Oakland's fourth error of the game. Mike Greenwell singled home the go-ahead run, and Mo Vaughn drove in another with his fourth

single. The Red Sox have won 22 of their last 27.

White Sox 7, Brewers 2: Bo Jackson homered and drove in three runs. Jack McDowell became the first 15-game winner in the majors and Chicago won for the 10th time in 13 games by handing visiting Milwaukee its seventh straight loss.

Yankees 12, Angels 1: Danny Tartabull hit two of New York's five home runs against visiting California.

Don Mattingly hit his 200th homer in the majors, and Paul O'Neill and Mike Stanley also connected as the Angels lost their sixth straight game.

Royals 12, Tigers 6: Greg Gagne hit the 10,000th home run at Tiger

Stadium as Kansas City handed Detroit its 21st loss in 28 games.

Tiger Stadium is the first major league ballpark where 10,000 home runs have been hit. Mike MacFarlane and Kevin Reynolds also homered for the Royals, and Tony Phillips led off the Detroit first with a homer.

Gagne drove in four runs, George Brett had three hits and drove in two runs and Wally Joyner had three hits and scored three times.

Twins 8, Orioles 4: Kirby Puckett, Dave Winfield and Brian Harper each drove in three runs as Minnesota, playing at home, beat Baltimore.

Mariners 3, Indians 2: Ken Griffey Jr. homered for the third straight game as Seattle beat host Cleveland for the eighth time in nine games this season.



Craig Paquetta touched the plate before Tony Pena of the Red Sox could tag him, but that didn't save the A's from a 9-7 loss.

Pittsburgh Pips Braves In 9th, 8-7

The Associated Press

The Atlanta Braves are running out of time.

An 8-7 loss to the Pirates in Pittsburgh didn't help their confidence, either.

"This was a tough one to lose in the ninth the way we did," reliever Mike Stanton said after the Braves blew a three-run lead Thursday.

NL ROUNDUP

day and dropped 10 games behind the West Division-leading San Francisco Giants.

Kevin Young's two-out, two-run double finished off Pittsburgh's four-run rally. Atlanta had scored twice in the top of the ninth to take a 7-4 lead, but neither Stanton nor Howell could get the final out. The Braves were 49-2 when leading after eight innings.

"I'll take the heat for this one," said reliever Jay Howell. "It's my fault. I didn't get the job done. I didn't make the pitches I normally make."

Jay Bell drove in one run with a grounder and another scored on Dave Clark's single before Young, down to his last strike, lined a drive into right-center that bounced away from right fielder Dave Justice and scored two runs.

Blas Minor got the victory despite allowing RBI singles to Sid Bream and Mark Lemke, who was 4-for-5 as the Braves got 14 hits, giving them 32—including seven homers—in their last two games. Justice and Jeff Blauser hit solo homers.

Giants 4, Phillies 1: John Burkett became the National League's first 14-game winner, and Barry Bonds homered to remain tied with Juan Gonzalez of the American League's Texas Rangers for the major league lead, as San Francisco, playing at home, beat Philadelphia in the game between division leaders.

The victory, a fourth straight, put the Giants 33 games over .500 for the first time since 1982. They are 65-32 after winning for the 17th time in 16 games while ending Philadelphia's four-game winning streak.

Burkett (14-4), who gave up 18 hits in his previous two outings, held the East Division leaders to five hits through 7 1/2 innings. He lost his shutout bid left after John Kruk's RBI single in the eighth.

Bonds started the second against Terry Mulholland with his 27th homer. One out later, Kruk, Manraying hit his second.

Rockies 7, Cardinals 6: Dante Bichette doubled and scored on Jerald Clark's sacrifice fly in the ninth as Colorado rallied to beat visiting St. Louis.

Rookie Roberto Mejia led off the inning, against newly acquired pitcher Todd Burns with a bunt single and was thrown out trying to score on Bichette's double. But Bichette ran to third on the relay to the plate by Craig Smith and scored on Clark's fly ball to center.

The Rockies used two bases-loaded walks and Eric Young's run-scoring grounder to score three runs in the eighth for a 6-6 tie.

Reds 7, Marlins 3: Juan Santed hit a three-run homer and Reggie Sanders added a two-run blast as visiting Cincinnati beat Florida.

Astros 9, Cubs 4: Craig Biggio drove in four runs with two singles, and Luis Gonzalez extended his hitting streak to 13 games with a homer and a single as Houston beat visiting Chicago.

Expos 11, Padres 5: Larry Walker and Wil Cordero each hit two-run homers as Montreal beat host San Diego for the seventh straight time.

Both homers were hit off Andy Benes, dropping him out of the NL lead in earned-run average. Winans Ken Hill took over the top spot, lowering his ERA to 2.59 while Benes' mark jumped to 2.82.

Mets 10, Dodgers 5: Eddie Murray drove in five runs with two homers, one a three-run shot during an error-filled, seven-run second, as New York won in Los Angeles.

Atlantic Salmon: Now's the Time, Canada's the Place

By Pete Bodo
New York Times Service

NEW YORK — Fly-fishers, like the creatures they so avidly pursue, tend to be creatures of habit. And just as salmon return from the sea to their natal rivers to spawn — often procreating in the same pools where they were born — anglers also tend to return to the same rivers, and over, year after year.

Anglers fish the same rivers for a variety of reasons. But most of all, they do it because the thrill of fishing new water is often qualified by the anxiety and befuddlement of figuring out just where and how to fish it. This is particularly true when the experienced fly-fisher gets the urge to fish for the ultimate salmonidae, the Atlantic salmon.

The rivers of Quebec and Nova Scotia are often far from airports and rental-car agencies, where the locals speak a version of French that would leave a visiting Parisian agape. Furthermore, the mystique of salmon fishing and the hokum surrounding it can easily convince the faint-hearted that the pastime is best left to the rich, who still

own many of the prime camps and fishing rights. This is a misconception.

There has never been a better time for John Q. Public to go salmon fishing in Canada than right now. Thanks to a commercial fishery buyout brokered by the Atlantic Salmon Federation and the enlightened attitude of the Canadian government, recreational salmon fishing has improved dramatically over the past decade, and it has become especially good on the ever-expanding reaches of public water.

Nova Scotia offers the easiest and most accessible public salmon fishing. All the salmon rivers in Nova Scotia are public; you need only buy a non-resident license that goes for about \$65 U.S. The Margaree River, on Cape Breton Island, is the queen river of Nova Scotia. It fishes best during the peak of the leaf season in September. Farther south, the LaHave and St. Mary's are good choices for summer-run fish.

Quebec has the most complex and maddening system of public fisheries, but it also has some of the best and most beautiful rivers. Still, you can take the plunge into public salmon fishing painlessly, less than 24 hours after leaving New York

City. It takes about 14 hours of driving to reach Causapscal on the Matapedia River, where the provincial fisheries office will sell you a license (\$65 U.S.), the requisite daily permits at about \$45 U.S. each, and provide you with detailed maps of the river. The Matapedia is a river of big fish, and the prime month is July. Local accommodations are modest but cheap. I recommend the Auberge de la Montagne, in Routherville.

The Matapedia River, just across the mountain from the Matapedia, uses the same system. The Matapedia fish tend to return later, with the run peaking in mid-August. While the Matapedia valley is relatively developed and a primary road runs along much of the river, the Matapedia valley is wild, rugged, and gorgeous, serviced only by a dirt road. There is an excellent provincial campground situated alongside the fisheries office, where licenses and permits are available.

The Matapedia and the Matane are at the western, inland base of the Gaspé peninsula. The farther east you go, the deeper you get into salmon country, crossing rivers like the Grand Cascapedia, the Bonaventure, the St. Jean, the York, the Dartmouth, and the Ste. Anne. There is public

fishing on almost all of these heart-rendingly beautiful rivers for the adventurous and enterprising angler, either through the local environmental control bureaus (ZEC) or Quebec's telephone reservation system. The provincial fish-and-game office, headed by Guy Baillargeon (418-643-2464), can provide details.

While I can't guarantee that you will catch a 26-pound salmon if you go, you will see and *put a fly* over fish of that class. And you will do it in bracing, wild country where the lack of tourists will make you feel like an honorary local. You may even find yourself on the porch of a cabin at 4 A.M., cup of coffee in hand, watching the northern lights ripple like an enormous, organza curtain across the pre-dawn sky. That part is free.

The best all-purpose salmon set-up is a 9- or 10-foot rod designed for a nine-weight line. Popular wet flies vary by province, but don't neglect to take a few No. 10s in addition to the size 6s and 8s. Popular dry flies include the classic Bomber, as well as Buck Bugs and White Wulfs. Matapedia salmon are particularly susceptible to large Bombers (size 4, on 4x long shanks) in outlandish colors.

Joe Montana, Savior, Arrives to Arm Chiefs for a Super Bowl

By Timothy W. Smith
New York Times Service

RIVER FALLS, Wisconsin — Joe Montana, his thin body tanned and his shaggy brown hair slightly tousled, strode off the bus, wearing blue shorts and a white T-shirt and looking less like a four-time Super Bowl champion quarterback than an aging surfer.

He walked through a phalanx of autograph seekers, never stopping but signing for two as he made the 20-yard dash to the door of Hunt Arena, which is serving as locker room for the Kansas City Chiefs' practice facility at Ramer Field on the campus of Wisconsin-River Falls.

Montana, 37, disappeared through the doors — into the Chiefs' version of Superman's phone booth — and reappeared on the fog-shrouded field 50 minutes later dressed in black shorts and a white No. 19 jersey pulled over shoulders that bear the weight of a franchise.

He was making his debut as the team's savior, a mantle bestowed upon him by fans and tolerated by teammates since the Chiefs pulled off a trade with the 49ers to bring Montana to Kansas City from San Francisco.

"Oh my God," cooed a middle-aged woman upon seeing Montana on the field. "There he is. After all these years. He's so adorable."

A sparse crowd, which included Miss River Falls and her court dressed in full-length gowns, gathered around the two fields to watch practice. But there was no magic.

His first completion of the day was 10 yards over the middle to the ball boy in warm-ups. It earned Montana points for accuracy, because the target was about 4 feet tall, but nothing for originality. During a two-hour practice in dreary conditions that included periodic downpours between chilly sprinkles, Montana threw just two passes, a short one to receiver Willie Davis on a hitch-and-go and then a 10-yarder to receiver Tim Barnett on an out pattern. For the most part — by design of the coaches — Montana handed off to the running backs or stood around, giving way to the other quarterbacks, Dave Krieg, Matt Blandin and Chip Hileyary.

After practice, surrounded by reporters and cameras on the iceless hockey rink inside Hunt Arena, Montana said he was excited about the possibility of starting a season for the first time in two years. But he seemed as uncomfortable

standing around on the hockey rink as he did standing around on the football field.

"I wanted to throw," Montana said. "The toughest part is being back and then holding back. I can have a long career with this kind of rotation during the season."

This pattern will not continue. The Chiefs' coach, Marty Schottenheimer, wants Montana to throw sparingly during the two-a-day practice schedule as some concession to Montana's arm, but mainly to get the other quarterbacks familiar with the new offense installed by the new offensive coordinator, Paul Hackett. It is a variation on the San Francisco offense that Hackett, as the 49ers' quarterbacks coach in 1983-84, helped run and Montana perfected.

Montana said he was completely recovered from the elbow surgery in 1991 that repaired a torn tendon and a damaged nerve that left a finger on his right hand numb for a while.

Davis, a second-year player who led the NFL last season in yards per catch (21), said he caught several passes from Montana during informal spring sessions and in the mini-camp in May. He said there was nothing wrong with Montana's arm as far as he can tell and that the quarterback

is already establishing himself as a leader.

"He hasn't lost anything," Davis said.

Davis said the burden for the team's success has shifted since Montana joined in April.

"According to what the media says, all the other players aren't supposed to do anything anyway," Davis said. "So, all the pressure is now on him."

Said Schottenheimer: "He hasn't thrown a completion, touchdown pass or interception for the Kansas City Chiefs. All those things that he's done have ensured his place in the Hall of Fame, but he hasn't done anything for the '93 edition of the Kansas City Chiefs."

"His mere presence, no, I'll get excited when the whole thing is put together and we're able to operate efficiently."

Schottenheimer had a talk with the team during minicamp to try to head off any potential bouts of jealousy that might crop up.

So far it hasn't been a problem. Davis doesn't believe it will be, because the players have a vested interest in Montana.

"If anybody can do it, everybody feels like it will be Joe who takes us to the Super Bowl," Davis said.



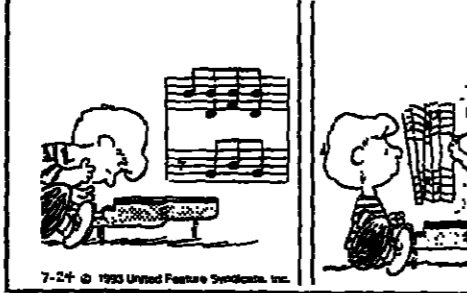
Olaf Hampel, a rookie guard from Essen, Germany, at the Denver Broncos' training camp in Colorado. He is the first player from "Operation Discovery," the NFL's effort to develop foreign athletes into professional football players, to sign with an NFL team.

DENNIS THE MENACE



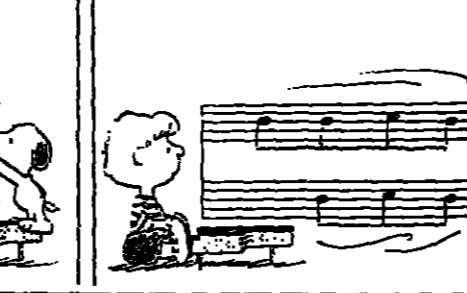
REMEMBER, MOM, THE WAY TO A BOY'S HEART IS THROUGH FUDGE.

PEANUTS



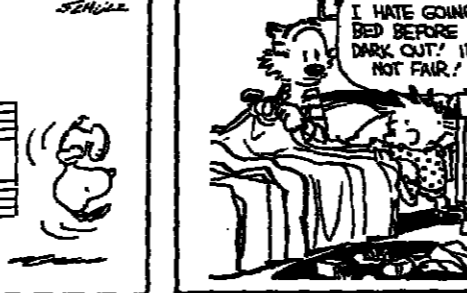
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CALVIN AND HOBBES



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JUMBLE THAT SCRAMBLED WORD GAME

Unscramble the jumble words below to find the hidden words. Write the answers in the boxes.

LEREB
KICHT
RACCI
THROXE

Print answer here: _____

BLONDIE



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BEETLE BAILEY



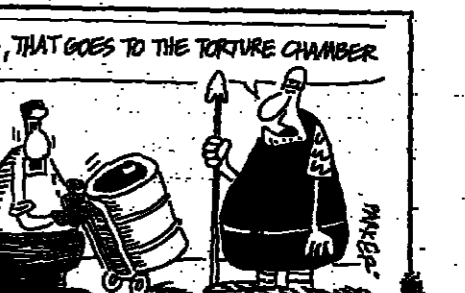
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